

CCC Interrogatory #001

Interrogatory

**Reference:
General**

Question(s):

Please update, as applicable, all Working Excel Tables to reflect 2025 actuals and any coincident impacts on the 2026-2031 period. Please also include as part of these updated tables any corrections or updates that were made as a result of the interrogatory process. Please include the revised tables in updated versions of the "Working Excel Tables". As part of the response, please also explain any material changes between the updates and the pre-filed evidence.

Response

OPG has updated and provided key tables in Attachment 1 with 2025 actual results where they were previously filed with 2025 budget values. Chart 1 below references Attachment 1 tables to the pre-filed evidence.

This update did not result in material impacts to OPG or DNNP LP's 2026-2031 forecast. Notable variances in 2025 actual results compared to 2025 budget reflected in the pre-filed evidence are as follows:

Regulated Hydroelectric

Production (-2.1 TWh): The 2025 actual regulated hydroelectric production was 30.9 TWh compared to a budget of 33.0 TWh. The variance was primarily due to lower-than-planned water flows in the Niagara and Western Regions and Surplus Baseload Generation across all regions.

Regulated Hydroelectric Base OM&A (-\$8.2M): The 2025 actual Base OM&A costs for the regulated hydroelectric facilities were \$8.2M lower than budget, primarily due to temporarily unfilled vacancies. While actual regular FTE levels were under budget in 2025, as explained in Ex. L-F1-Staff-172, significant hiring took place in the final quarter of the year to help ensure Renewable Generation is appropriately positioned to execute the planned work program.

Project OM&A (-\$20M): The 2025 actual Project OM&A and infrastructure costs for the regulated hydroelectric facilities were lower than budget, primarily due to changes in

1 project schedules, including refurbishments and overhauls, and scope evolution
2 identified during project execution.

3
4 Allocation of Centrally Held Costs (+\$7.7M): The 2025 actual centrally held costs for
5 the regulated hydroelectric facilities were higher than budget, primarily due to lower
6 pension and OPEB amounts charged to business units through standard labour rates,
7 which resulted in a larger amount recorded centrally, and an actuarial loss on the long-
8 term disability plan recognized at year-end 2025. Labour trending adjustments also
9 contributed to the increase.

10
11 Other Revenues (+\$84.0M): The 2025 actual Other revenues for the regulated
12 hydroelectric facilities were higher than budgeted, primarily due to higher operating
13 reserve ancillary service revenues as a result of higher scheduled volumes and market
14 prices, in addition to higher hydroelectric incentive mechanism revenues earned as a
15 result of higher market price spreads due to weather volatility.

16
17 **OPG Nuclear**

18
19 Production (+1.2 TWh): The 2025 actual nuclear production was 38.1 TWh compared
20 to the budget of 36.9 TWh. The variance was driven by fewer planned outage days at
21 the Pickering station and a better than planned forced loss rate at both Darlington and
22 Pickering stations.

23
24 Nuclear Operations Base OM&A (-\$52.6M): The 2025 actual Nuclear Operations Base
25 OM&A costs were \$52.6M lower than budget. The variance is primarily attributable to
26 temporarily unfilled vacancies, program timing differences and lower program spends,
27 partially offset by higher materials consumption.

28
29 Project OM&A (-\$12.5M): The 2025 actual Project OM&A costs for the nuclear facilities
30 were lower than budget, primarily due to lower removal costs associated with capital
31 projects and shifts in project schedules and associated expenses.

32
33 Allocation of Centrally Held Costs (+\$103.6M): The 2025 actual centrally held costs for
34 the nuclear facilities were higher than budget, primarily due to lower amounts charged
35 to business units through standard labour rates, which resulted in a larger amount
36 recorded centrally, an actuarial loss on the long-term disability plan recognized at year-
37 end 2025 and labour trending adjustments, partially by lower non-energy charges as
38 a result of lower than budgeted Global Adjustment fees.

39
40 Other Revenues (-\$17.0M): The 2025 actual nuclear non-energy revenues were lower
41 than budget due to lower heavy water processing revenue as a result of an outage
42 extension at the Tritium Removal Facility, partially offset by higher Cobalt-60
43 harvesting.

Income Tax

Income Tax (+\$68.4M): Regulatory income taxes for OPG's prescribed facilities were higher than budgeted, mainly due to higher regulatory earnings before tax and a taxable income inclusion for certain previously deducted amounts in respect of the DNNP facilities as a result of OPG transferring assets related to the DNNP facilities to DNNP LP in December 2025.¹ The details of the preliminary actual 2025 regulated regulatory earnings before tax for OPG's prescribed facilities can be found at Ex. L-11-Staff-266.

Chart 1 – Index of Key Tables for 2025 Actuals

<u>L-A1-CCC-001-Attachment 1 - Table:</u>	<u>Title of Table:</u>	<u>Pre-Filed Reference:</u>
1	Summary of Actual Results - Regulated Hydroelectric	N/A
2	Summary of Actual Results - Nuclear	N/A
3	Continuity of Property, Plant and Equipment - Regulated Hydroelectric	B2-3-1, Table 3
4	Continuity of Depreciation and Amortization - Regulated Hydroelectric	B2-4-1, Table 3
5	Working Capital Summary - Regulated Hydroelectric	B2-5-1, Table 2
6	Continuity of Property, Plant and Equipment - Nuclear	B3-3-1, Table 1
7	Continuity of Depreciation and Amortization - Nuclear	B3-4-1, Table 2
8	Working Capital Summary - Nuclear	B3-5-1, Table 1
9	Summary of Capitalization and Cost of Capital	C1-1-1, Table 7
10	Summary of Existing and Planned Long-Term Debt	C1-1-2, Table 7
11a	Summary of Existing and Planned Long-Term Debt - Notes	C1-1-2, Table 7a
11b	Allocation of Existing Long-term Debt - OPG	C1-1-2, Table 1, col. (f)
12	Asset Retirement Obligation, Nuclear Segregated Funds, and Asset Retirement Costs	C2-1-1, Table 2/Table 3

¹ As noted at Attachment 1, Table 59, Note 5, the impact of the taxable income inclusion of these amounts for OPG will be offset by higher future capital cost allowance claims within DNNP LP.

13	Capital Expenditures Summary - Regulated Hydroelectric	D1-1-1, Table 2
14	Comparison of In-Service Capital Additions - Regulated Hydroelectric	D1-1-2, Table 4
15	Capital Expenditures Summary - Nuclear	D2-1-2, Table 1
16	Capital Expenditures Summary - Nuclear Operations	D2-1-2, Table 2
17	Comparison of In-Service Capital Additions - Nuclear Operations	D2-1-3, Table 4a
18	Program Expenditures Summary - Darlington Refurbishment Program	D2-2-3, Table 1a
19	Capital Expenditures Summary - Darlington Refurbishment Program	D2-2-3, Table 1b
20	Comparison of In-Service Capital Additions - Darlington Refurbishment Program	D2-2-3, Table 5a
21	Capital Expenditures Summary - Pickering Refurbishment Program	D2-3-8, Table 1
22	Comparison of In-Service Capital Additions - Pickering Refurbishment Program	D2-3-8, Table 5
23	Capital Expenditures Summary - Darlington New Nuclear Program	D2-4-8, Table 1
24	Comparison of In-Service Capital Additions - Darlington New Nuclear Program	D2-4-8, Table 6
25	Capital Expenditures Impacting OPG Rate Base or Asset Service Fee	D3-1-1, Table 1
26	Comparison of In-Service Capital Additions - Support Services	D3-1-2, Table 5a
27	Production Forecast Trend - Regulated Hydroelectric	E1-1-1, Table 1
28	Comparison of Production Forecast - Regulated Hydroelectric	E1-1-2, Table 1
29	Production Forecast Trend - Nuclear	E2-1-1, Table 1
30	Comparison of Production Forecast - Nuclear	E2-1-2, Table 1a
31	Comparison of Production Forecast - Nuclear	E2-1-2, Table 1b
32	Operating Costs Summary - Regulated Hydroelectric	F1-1-1, Table 1
33	Staff Summary - Regulated Hydroelectric	F1-1-1, Table 2b
34	Base OM&A - Regulated Hydroelectric	F1-2-1, Table 1
35	Base OM&A - Regulated Hydroelectric	F1-2-1, Table 2
36	Project OM&A - Regulated Hydroelectric	F1-3-1, Table 1
37	Gross Revenue Charge	F1-4-1, Table 1
38	Operating Costs Summary - Nuclear	F2-1-1, Table 1a

39	Staff Summary - Nuclear	F2-1-1, Table 2a
40	Base OM&A - Nuclear	F2-2-1, Table 1a
41	Base OM&A - Nuclear	F2-2-1, Table 2a
42	Project OM&A - Nuclear	F2-3-1, Table 1
43	Outage OM&A - Nuclear	F2-4-1, Table 1
44	Nuclear Fuel Costs	F2-5-1, Table 1a
45	OM&A - Darlington Refurbishment	F2-7-1, Table 1
46	OM&A - Pickering Refurbishment Program	F2-8-1, Table 1
47	Corporate Support & Administrative Groups OM&A Costs	F3-1-1, Table 1
48	Allocation of Corporate Support & Administrative OM&A Costs - Regulated Hydroelectric	F3-1-1, Table 2
49	Allocation of Corporate Support & Administrative OM&A Costs - Nuclear	F3-1-1, Table 3
50	Allocation of Corporate Support & Administrative OM&A Costs - Darlington	F3-1-1, Table 3a
51	Allocation of Corporate Support & Administrative OM&A Costs - Pickering	F3-1-1, Table 3b
52	Allocation of Corporate Support Staff Summary - Regulated Hydroelectric	F3-1-1, Table 7b
53	Allocation of Corporate Support Staff Summary - Nuclear	F3-1-1, Table 8
54	Depreciation and Amortization - Regulated Hydroelectric	F4-1-1, Table 1
55	Depreciation and Amortization - Nuclear	F4-1-1, Table 2
56	Taxes - Regulated Hydroelectric	F4-2-1, Table 1
57	Taxes - Nuclear	F4-2-1, Table 2
58	Calculation of Regulatory Income Taxes for Prescribed Facilities	F4-2-1, Table 3
59	Notes to Table 3a	F4-2-1, Table 3a
60	Undepreciated Capital Cost and Capital Cost Allowance Schedule for OPG's Regulated Hydroelectric Operations	F4-2-1, Table 14
61	Undepreciated Capital Cost and Capital Cost Allowance Schedule for OPG's Regulated Nuclear Operations	F4-2-1, Table 26
62	Centrally Held Costs	F4-4-1, Table 1
63	Allocation of Centrally Held Costs - Regulated Hydroelectric	F4-4-1, Table 2
64	Allocation of Centrally Held Costs - Nuclear	F4-4-1, Table 3

65	Other Revenues - Regulated Hydroelectric	G1-1-1, Table 1
66	Other Revenues - Nuclear	G2-1-1, Table 1
67	Bruce Lease Net Revenues	G2-2-1, Table 1
68	Bruce Lease Revenues	G2-2-1, Table 2
69	Bruce Costs	G2-2-1, Table 5
70	Calculation of Bruce Income Taxes	G2-2-1, Table 7

In preparing the response to this interrogatory, OPG identified that some assets in the regulated hydroelectric rate base belonging to the Western Region were incorrectly presented under the Niagara and Eastern Regions for the historical years provided in the pre-filed evidence. There was no impact to total regulated hydroelectric rate base or depreciation and amortization expense in the historical, bridge or IR term years. In this response, the balances related to these assets have been correctly presented (i.e., the opening balances for 2025 in Attachment 1, Table 3, col. (a) and Table 4, col. (a)). A corresponding correction to the pre-filed evidence will be filed separately.

Numbers may not add due to rounding.

Filed: 2026-04-24
EB-2025-0297
Exhibit L
A1-CCC-001
Attachment 1
Table 1

Table 1
Summary of Actual Results - Regulated Hydroelectric (\$M)
Year Ended December 31, 2025

Line No.	Description	Note	2025 Budget	(c) - (a) Change	2025 Actual
			(a)	(b)	(c)
	Rate Base				
1	Net Fixed Assets	1	8,283.7	(19.5)	8,264.2
2	Working Capital	2	0.3	0.0	0.3
3	Cash Working Capital	2	19.3	(0.0)	19.3
4	Total Rate Base		8,303.2	(19.5)	8,283.7
	Capitalization				
5	Short-Term Debt	3	82.2	104.8	187.0
6	Long-Term Debt	3	4,484.5	(115.5)	4,369.0
7	Common Equity	3	3,736.4	(8.8)	3,727.7
8	Total Capital		8,303.2	(19.5)	8,283.7
	Cost of Capital				
9	Short-Term Debt	4	4.7	2.6	7.3
10	Long-Term Debt	4	180.6	(4.6)	176.0
11	Common Equity	4	465.0	20.3	485.2
12	Total Cost of Capital		650.2	18.2	668.5
	Expenses:				
13	OM&A	5	427.9	(21.8)	406.1
14	GRC	6	357.2	(23.4)	333.8
15	Depreciation & Amortization	7	190.8	2.7	193.5
16	Property Tax	8	1.1	(0.2)	0.9
17	Total Expenses		977.0	(42.6)	934.3
	Less:				
	Other Revenues				
18	Ancillary and Other Revenue	9	70.9	84.0	154.9
19	Total Other Revenues		70.9	84.0	154.9
20	Income Tax	10	68.8	10.6	79.4

Notes:

- 2025 Budget per Ex. B1-1-1, Table 1.
2025 Actuals from Ex. L-A1-CCC-001, Table 3, col(f) line 8 less Table 4, col(e) line 8.
- 2025 Budget per Ex. B1-1-1, Table 1.
2025 Actuals from Ex. L-A1-CCC-001, Table 5.
- 2025 Budget from Ex. C1-1-1, Table 7, col(a). 2025 Actuals from Ex. L-A1-CCC-001, Table 9, col(a).
Capitalization is allocated to regulated hydroelectric operations using rate base financed by capital structure.
- 2025 Budget from Ex. C1-1-1, Table 7, col(d). 2025 Actuals from Ex. L-A1-CCC-001, Table 9, col(d).
Cost of Capital is allocated to regulated hydroelectric operations using rate base financed by capital structure.
- 2025 Budget from Ex. F1-1-1, Table 1, line 6.
2025 Actuals from Ex. L-A1-CCC-001, Table 32, line 6.
- 2025 Budget from Ex. F1-4-1, Table 1, line 9.
2025 Actuals from Ex. L-A1-CCC-001, Table 37, line. 9.
- 2025 Budget from Ex. F4-1-1, Table 1, line 5.
2025 Actuals from Ex. L-A1-CCC-001, Table 54, line 5.
- 2025 Budget from Ex. F4-2-1, Table 1, line 5.
2025 Actuals from Ex. L-A1-CCC-001, Table 56, line 5.
- 2025 Budget from Ex. G1-1-1, Table 1, line 7.
2025 Actuals from Ex. L-A1-CCC-001, Table 65, line 7.
- 2025 Budget from Ex. F4-2-1, Table 1, line 1.
2026 Actuals from Ex. L-A1-CCC-001, Table 56, line 1.

Numbers may not add due to rounding.

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Exhibit L
A1-CCC-001
Attachment 1
Table 2

Table 2
Summary of Actual Results - OPG Nuclear Facilities (\$M)
Year Ended December 31, 2025

Line No.	Description	Note	2025 Budget	(c) - (a) Change	2025 Actual
			(a)	(b)	(c)
	Rate Base				
1	Net Fixed Assets	1	12,431.8	(6.1)	12,425.7
2	Working Capital	2	749.0	6.6	755.6
3	Cash Working Capital	2	(22.5)	(0.0)	(22.5)
4	Total Rate Base		13,158.3	0.4	13,158.7
	Capitalization				
5	Short-Term Debt	3	127.0	161.6	288.6
6	Long-Term Debt	3	6,929.7	(187.5)	6,742.2
7	Common Equity	3	5,773.7	(21.2)	5,752.5
8	Adjustment for Lesser of UNL or ARC	3	327.8	47.6	375.4
9	Total Capital		13,158.3	0.4	13,158.7
	Cost of Capital				
10	Short-Term Debt	4	7.3	3.9	11.2
11	Long-Term Debt	4	279.0	(7.5)	271.5
12	Common Equity	4	718.5	30.4	748.8
13	Adjustment for Lesser of UNL or ARC	4	15.5	2.2	17.7
14	Total Cost of Capital		1,020.2	29.1	1,049.3
	Expenses:				
15	OM&A	5	2,044.5	22.3	2,066.8
16	Fuel	6	255.1	3.5	258.6
17	Depreciation & Amortization	7	540.3	6.6	546.9
18	Property Tax	8	12.2	2.4	14.6
19	Total Expenses		2,852.1	34.9	2,886.9
	Less:				
	Other Revenues				
20	Bruce Lease Revenues Net of Direct Costs	9	35.8	(8.6)	27.2
21	Ancillary and Other Revenue	10	46.6	(17.0)	29.5
22	Total Other Revenues		82.4	(25.6)	56.7
23	Income Tax	11	171.1	66.8	237.9

Notes:

- 2025 Budget per Ex. B1-1-1, Table 2.
2025 Actuals from Ex. L-A1-CCC-001, Table 6, col(f) line 11 less Table 7, col(e) line 11.
- 2025 Budget per Ex. B1-1-1, Table 2.
2025 Actuals from Ex. L-A1-CCC-001, Table 8.
- 2025 Budget from Ex. C1-1-1, Table 7, col(a). 2025 Actuals from Ex. L-A1-CCC-001, Table 9, col(a).
Capitalization is allocated to OPG nuclear facilities using rate base financed by capital structure.
- 2025 Budget from Ex. C1-1-1, Table 7, col(d). 2025 Actuals from Ex. L-A1-CCC-001, Table 9, col(d).
Cost of Capital is allocated to OPG Nuclear Facilities using rate base financed by capital structure.
- 2025 Budget from Ex. F2-1-1, Table 1a, line 16.
2025 Actuals from Ex. L-A1-CCC-001, Table 38, line 16.
- 2025 Budget from Ex. F2-5-1, Table 1a, line 7.
2025 Actuals from Ex. L-A1-CCC-001, Table 44, line 7.
- 2025 Budget from Ex. F4-1-1, Table 2, line 11.
2025 Actuals from Ex. L-A1-CCC-001, Table 55, line 11.
- 2025 Budget from Ex. F4-2-1, Table 2, line 4.
2025 Actuals from Ex. L-A1-CCC-001, Table 57, line 4.
- 2025 Budget from Ex. G2-2-1, Table 1, line 3.
2025 Actuals from Ex. L-A1-CCC-001, Table 67, line 3.
- 2025 Budget from Ex. G2-1-1, Table 1, line 7.
2025 Actuals from Ex. L-A1-CCC-001, Table 66, line 7.
- 2025 Budget from Ex. F4-2-1, Table 2, line 1.
2026 Actuals from Ex. L-A1-CCC-001, Table 57, line 1.

Numbers may not add due to rounding.

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Exhibit L
A1-CCC-001
Attachment 1
Table 3

Table 3
Continuity of Gross Property, Plant and Equipment - Regulated Hydroelectric (\$M)
Year Ended December 31, 2025

Line No.	Prescribed Facility Category	Opening Balance	In-Service Additions	Retirements, Transfers & Adjustments	(b)+(c) Net Change	(a)+(d) Closing Balance	(a+e)/2 Gross Plant Rate Base Amount
		(a)	(b)	(c)	(d)	(e)	(f)
	2025 Actual: ^{1,2}						
1	Niagara Region	4,971.4	61.2	(2.1)	59.0	5,030.5	5,000.9
2	Eastern Region	4,933.1	257.6	(8.9)	248.7	5,181.8	5,030.4
3	Western Region	1,453.1	73.9	(22.8)	51.1	1,504.2	1,478.7
4	Total	11,357.6	392.7	(33.9)	358.8	11,716.4	11,510.0

Notes:

- 1 In-service addition amounts equal or higher than \$50M in 2025 comprise of the following project:

Line No.	Allocated Project	Project Number	Facility	Prescribed Facility Category	Reference	In-Service Date	In-Service Amount Addition	First Year Weighting in Months
1	Otter G2 Capital Upgrade	82543	Otter Rapids	Eastern Region	D1-1-2_Table 1	15-Dec-25	59.0	0.5

- 2 As outlined in the updated Filing Requirements issued by the OEB in EB-2024-0136 for OPG's payment amounts applications, lines 2a through 2e reconcile the net plant amounts in the hydroelectric rate base to the corresponding values in OPG's audited consolidated financial statements for 2025:

Table to Note 2 - Reconciliation of Regulated Hydroelectric Rate Base to Regulated Hydroelectric Net Property, Plant and Equipment and Net Intangible Assets In-Service per Audited Financial Statements		
Line No.	Description	2025
2a	Gross Plant Closing Balance (Ex. L-A1-CCC-001, Table 3, col. (e), line 4)	11,716.4
2b	Accumulated Depreciation and Amortization Closing Balance (Ex. L-A1-CCC-001, Table 4, col. (d), line 4)	3,325.9
2c	Prescribed facilities net book value (line 2a - line 2b)	8,390.5
2d	Adjustments - Other	(2.5)
2e	Regulated Hydroelectric Net Property, Plant and Equipment, and Net Intangible Assets In-Service, per Audited Financial Statements (line 2c + line 2d)*	8,388.0

* Represents the sum of year-end 2025 Regulated - Hydroelectric Generation segment net property, plant and equipment, and net intangible assets in-service per Note 19 of OPG's 2025 audited consolidated financial statements per Ex. L-A2-Staff-010, Attachment 1.

Numbers may not add due to rounding.

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Exhibit L

A1-CCC-001

Attachment 1

Table 4

Table 4

Continuity of Accumulated Depreciation and Amortization - Regulated Hydroelectric (\$M)

Year Ended December 31, 2025

Line No.	Prescribed Facility Category	Opening Balance	Depreciation and Amortization	Retirements, Transfers & Adjustments	(a)+(b)+(c) Closing Balance	(a+d)/2 Accumulated Depreciation and Amortization Rate Base Amount
		(a)	(b)	(c)	(d)	(e)
	2025 Actual:					
1	Niagara Region	1,273.0	67.3	(3.0)	1,337.2	1,305.1
2	Eastern Region	1,497.8	83.0	(2.8)	1,577.9	1,537.9
3	Western Region	395.0	26.4	(10.6)	410.8	402.9
4	Total	3,165.7	176.6	(16.4)	3,325.9	3,245.8

Numbers may not add due to rounding.

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Exhibit L

A1-CCC-001

Attachment 1

Table 5

Table 5
Working Capital Summary - Regulated Hydroelectric (\$M)
Year Ended December 31, 2025

Line No.	Working Capital Item	Opening Balance	Closing Balance	(a+b)/2 Rate Base Value
		(a)	(b)	(c)
	2025 Actual:			
1	Cash Working Capital¹	N/A	N/A	19.3
2	Materials & Supplies²	0.3	0.3	0.3
3	Total			19.5

Notes:

- 1 As 2025 actual cash working capital amounts have not been developed at the time of filing this interrogatory response, 2025 budget values as provided at Ex. B2-5-1, Table 2 is used.
- 2 Closing materials and supplies balance in col. (b) line 2 agrees to the sum of the current and long-term materials and supplies inventory within Regulated - Hydroelectric Generation segment in Note 19 of OPG's audited financial statements for 2025 (Ex. L-A2-Staff-010, Attachment 1).

Table 6
Continuity of Property, Plant and Equipment - Combined Nuclear (\$M)
Year Ended December 31, 2025

Line No.	Prescribed Facility Category	Gross Plant Opening Balance	In-Service Additions	Retirements, Transfers & Adjustments	(b)+(c) Net Change	(a)+(d) Closing Balance	(a+e)/2 Gross Plant Rate Base Amount
		(a)	(b)	(c)	(d)	(e)	(f)
	2025 Actual: ^{1,3}						
	OPG Nuclear Facilities						
	Darlington NGS:						
1	Darlington NGS (excluding DRP)	3,822.6	383.5	(0.6)	382.9	4,205.5	4,036.4
2	Darlington Refurbishment Program (excluding D2O Storage)	9,568.5	28.5	0.0	28.5	9,597.0	9,582.7
3	Heavy Water Storage Facility (D2O Storage)	395.6	0.0	0.0	0.0	395.6	395.6
4	Subtotal Darlington NGS	13,786.7	412.0	(0.6)	411.4	14,198.1	14,014.8
	Pickering NGS:						
5	Pickering NGS (excluding PRP)	2,803.4	37.0	(2.7)	34.2	2,837.6	2,820.5
6	Pickering Refurbishment Project	0.0	0.0	0.0	0.0	0.0	0.0
7	Subtotal Pickering NGS	2,803.4	37.0	(2.7)	34.2	2,837.6	2,820.5
8	Operations and Project Support ²	646.9	35.3	5.8	41.1	688.0	667.4
9	OPG Nuclear Facilities - Excluding Asset Retirement Costs	17,237.0	484.2	2.5	486.7	17,723.7	17,502.7
10	Asset Retirement Costs	3,104.7	0.0	0.0	0.0	3,104.7	3,104.7
11	Total	20,341.7	484.2	2.5	486.7	20,828.4	20,607.4
	DNNP Facilities						
12	Darlington New Nuclear Program	0.0	0.0	0.0	0.0	0.0	0.0

Notes:

1 In-service addition amounts equal or higher than \$50M in 2025 comprise of the following project:

Line No.	Allocated Project	Project Number	Prescribed Facility Category	Reference	In-Service Date	In-Service Amount Addition	First Year Weighting in Months
1	Darlington Steam Generator Moisture Separator Replacement	86693	Darlington NGS	D2-1-3 Table 1c	2-Apr-25	89.4	9

2 Includes Engineering, Advanced Inspection Maintenance (previously Inspection and Reactor Innovation), and Security & Emergency Services.

3 As outlined in the updated Filing Requirements issued by the OEB in EB-2024-0136 for OPG's payment amounts applications, lines 3a through 3h reconcile the net plant amounts in the nuclear rate base to the corresponding values in OPG's audited consolidated financial statements for 2025:

Table to Note 3 - Reconciliation of Nuclear Rate Base to Nuclear Net Property, Plant and Equipment and Net Intangible Assets In-Service per Audited Financial Statements		
Line No.	Description	2025
3a	Gross Plant closing balance (Ex. L-A1-CCC-001, Table 6, col. (e), line 11)	20,828.4
3b	Accumulated Depreciation and Amortization closing balance (Ex. L-A1-CCC-001, Table 7, col. (d), line 11)	8,454.7
3c	Prescribed facilities net plant (line 3a - line 3b)	12,373.7
	Reconciling Items:	
3d	Net Property, Plant and Equipment In-Service on Lease to Bruce Power, per audited financial statements*	1,588.3
3e	Previous OEB adjustments**	28.9
3f	Other	(0.9)
3g	Total Reconciling Items (lines 3d through 3f)	1,616.4
3h	Nuclear Net Property, Plant and Equipment, and Net Intangible Assets In-Service, per audited financial statements (line 3c + line 3g) [#]	13,990.1

* Per Note 18 of OPG's 2025 audited consolidated financial statements per Ex. L-A2-Staff-010, Attachment 1.

** Represents permanent rate base disallowance ordered by the OEB per EB-2016-0152 Decision and Order, pp. 21-22, the impact of which is reflected rate base but not the audited consolidated financial statements.

Represents the sum of year-end 2025 Regulated - Nuclear Generation segment net property, plant and equipment, and net intangible assets in-service per Note 19 of OPG's 2025 audited consolidated financial statements per Ex. L-A2-Staff-010, Attachment 1.

Numbers may not add due to rounding.

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Table 7

Table 7
Continuity of Accumulated Depreciation and Amortization - Combined Nuclear (\$M)
Year Ended December 31, 2025

Line No.	Prescribed Facility Category	Opening Balance	Depreciation and Amortization	Retirements, Transfers & Adjustments	(a)+(b)+(c) Closing Balance	(a+d)/2 Accumulated Depreciation and Amortization Rate Base Amount
		(a)	(b)	(c)	(d)	(e)
	2025 Actual:					
	OPG Nuclear Facilities					
	Darlington NGS:					
1	Darlington NGS (excluding DRP)	1,061.0	146.8	(0.1)	1,207.7	1,134.4
2	Darlington Refurbishment Program (excluding D2O Storage)	1,115.9	312.0	(0.0)	1,427.9	1,271.9
3	Heavy Water Storage Facility (D2O Storage)	59.2	12.0	0.0	71.2	65.2
4	Subtotal Darlington NGS	2,236.1	470.8	(0.1)	2,706.8	2,471.4
	Pickering NGS:					
5	Pickering NGS (excluding PRP)	2,627.8	18.6	(1.7)	2,644.7	2,636.2
6	Pickering Refurbishment Project	0.0	0.0	0.0	0.0	0.0
7	Subtotal Pickering NGS	2,627.8	18.6	(1.7)	2,644.7	2,636.2
8	Operations and Project Support¹	462.2	45.6	1.4	509.2	485.7
9	OPG Nuclear Facilities- Excluding Asset Retirement Costs	5,326.1	535.0	(0.4)	5,860.6	5,593.4
10	Asset Retirement Costs	2,582.7	11.3	0.0	2,594.1	2,588.4
11	Total	7,908.8	546.3	(0.4)	8,454.7	8,181.7
	DNNP Facilities					
12	Darlington New Nuclear Program	0.0	0.0	0.0	0.0	0.0

Notes:

- 1 Includes Engineering, Advanced Inspection Maintenance (previously Inspection and Reactor Innovation), and Security & Emergency Services.

Numbers may not add due to rounding.

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Table 8

Table 8
Working Capital Summary - OPG Nuclear Facilities (\$M)
Year Ended December 31, 2025

Line No.	Working Capital Item	Opening Balance	Closing Balance	(a+b)/2 Rate Base Value
		(a)	(b)	(c)
	2025 Actual:			
1	Cash Working Capital¹	N/A	N/A	(22.5)
2	Fuel Inventory²	233.1	257.9	245.5
3	Materials & Supplies²	495.3	524.8	510.1
4	Total			733.1

Notes:

- 1 As 2025 actual cash working capital amounts have not been developed at the time of filing this interrogatory response, 2025 budget values as provided at Ex. B3-5-1, Table 1 is used.
- 2 The closing fuel inventory balance in col. (b), line 2, and the closing materials and supplies balance in col. (b), line 3, agree to the Regulated – Nuclear Generation segment fuel inventory and the sum of the current and long term materials and supplies balances, respectively, as disclosed in Note 19 of OPG's audited financial statements for 2025 (Ex. L A2 Staff 010, Attachment 1).

Numbers may not add due to rounding.

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Table 9

Table 9
Capitalization and Cost of Capital
Summary of Capitalization and Cost of Capital - OPG
Calendar Year Ending December 31, 2025

Line No.	Capitalization	Note	Principal (\$M)	Component (%)	Cost Rate (%)	Cost of Capital (\$M)
			(a)	(b)	(c)	(d)
	Capitalization and Return on Capital:					
1	Short-term Debt		475.6	2.3%	2.92%	18.5
2	Existing/Planned Long-Term Debt	1	5,912.7	28.1%	4.03%	238.1
3	Other Long-Term Debt Provision	2	5,198.5	24.7%	4.03%	209.4
4	Total Debt	3	11,586.8	55.0%	4.02%	466.0
5	Common Equity	3	9,480.1	45.0%	13.02%	1,234.1
6	Rate Base Financed by Capital Structure	4	21,067.0	98.2%	8.07%	1,700.1
7	Adjustment for Lesser of UNL or ARC	4, 5	375.4	1.8%	4.72%	17.7
8	Rate Base		21,442.4	100.0%	8.01%	1,717.8

Notes:

- Ex. L-A1-CCC-001, Table 10, line 36.
- Debt required to balance capital structure with proposed rate base. Cost rate is the same cost rate used for Existing/Planned Long-Term Debt (line 2). See Ex. C1-1-2, Section 5.0.
- Capital Structure as per the OEB-approved settlement proposal in EB-2020-0290. Return on Equity as calculated in Ex. L-11-Staff-266, Attachment 1.
- The portion of rate base to be financed by the capital structure approved by the OEB excludes the lesser of the forecast of the average unfunded nuclear liabilities (UNL) related to Pickering and Darlington, and the average unamortized asset retirement costs (ARC) included in fixed asset balances for Pickering and Darlington.
- Principal from Ex. L-A1-CCC-001, Table 12, col. (a), line 28. Cost rate is the year-end 2025 weighted average accretion rate calculated in the manner set out at Ex. C2-1-1, Table 1b, line 5n, col (d).

Numbers may not add due to rounding.

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Table 10

Table 10
Capitalization and Cost of Capital
Summary of Existing and Planned Long-Term Debt - OPG (\$M)
Outstanding During Calendar Year Ending Dec. 31, 2025

Line No.	Issue	Note	Weighted Principal* (\$M)	Issue Date	Duration (years)	Maturity Date	Effective Rate (%)	Annual Cost (\$M)
			(a)	(b)	(c)	(d)	(e)	(f)
	Company-Wide Borrowing							
	Issues 1 to 25, 39 Mature Prior to 2025							
1	Issue 26		150.0	3/22/2011	30.0	3/22/2041	5.40%	8.1
2	Issue 27		150.0	9/22/2011	30.0	9/22/2041	4.74%	7.1
3	Issue 28		200.0	3/22/2012	30.0	3/22/2042	4.36%	8.7
4	Issue 29		50.0	11/22/2016	10.0	11/22/2026	3.04%	1.5
5	Issue 30		50.0	11/22/2016	30.0	11/22/2046	4.03%	2.0
6	Issue 31		200.0	2/22/2017	30.0	2/22/2047	4.12%	8.2
7	Issue 32		100.0	6/22/2017	30.0	6/22/2047	3.65%	3.6
8	Issue 33		100.0	8/22/2017	30.0	8/22/2047	3.86%	3.9
9	Issue 34		400.0	9/22/2017	30.0	9/22/2047	4.07%	16.3
10	Issue 35		496.5	10/2/2017	10.0	10/4/2027	3.43%	17.0
11	Issue 36		200.0	1/22/2018	30.0	1/22/2048	3.87%	7.7
12	Issue 37		400.0	3/22/2018	30.0	3/22/2048	4.00%	16.0
13	Issue 38		100.0	8/22/2019	20.0	8/22/2039	3.49%	3.5
14	Total		2,596.5				3.99%	103.7
	Regulated Portion of Company-Wide Borrowing							
15	Allocation	6	2,254.0				3.99%	90.0
	Project Financing - Regulated Projects							
	Niagara 1 to 24 and ILB 1 to 4 Mature Prior to 2025							
16	Green Bond 1		417.1	6/22/2018	30.0	6/22/2048	3.92%	16.3
17	Green Bond 2		0.4	1/18/2019	30.0	1/18/2049	4.34%	0.0
18	Green Bond 3		297.9	7/18/2022	10.0	7/19/2032	5.08%	15.1
19	ILB 5		25.0	1/5/2022	5.0	1/5/2027		
20	CIB 1		78.0	10/14/2022				
21	CIB 2		85.0	4/11/2023				
22	CIB 3		91.0	9/29/2023				
23	CIB 4		68.0	12/18/2023				
24	CIB 5	4	52.3	3/22/2024				
25	CIB 6		87.0	6/19/2024				
26	CIB 7	5	97.2	9/25/2024				
27	CIB 8		130.0	12/18/2024				
28	CIB 9	3	129.1	4/2/2025				
29	Green Bond 4		496.7	6/28/2024	10.0	6/28/2034	4.98%	24.7
30	Green Bond 5		491.0	6/28/2024	30.0	6/28/2054	5.17%	25.4
31	Green Bond 6		209.0	9/11/2024	9.8	6/28/2034	4.43%	9.3
32	Green Bond 7		104.1	9/11/2024	29.8	6/28/2054	4.85%	5.1
33	Green Bond 8	1	400.2	3/13/2025	10.0	3/13/2035	4.45%	17.8
34	Green Bond 9	2	399.8	3/13/2025	30.0	3/13/2055	4.97%	19.9
35	Total		3,658.7				4.05%	148.1
	Total Regulated Funded Long-Term Debt							
36	Line 15+35		5,912.7				4.03%	238.1

See Ex. L-A1-CCC-001, Table 11a for notes

* For debt issues that are issued or mature during the year the face value is reduced to reflect only that portion of the year the debt issue is financing the rate base.

Numbers may not add due to rounding.

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Table 11a

Table 11a
Capitalization and Cost of Capital
Summary of Existing and Planned Long-Term Debt - OPG (\$M)
Outstanding During Calendar Year Ending Dec. 31, 2025
Notes to Ex. L-A1-CCC-001, Table 10

	Issue	Issue Date	Face Value (\$M)	Effective Days	Weighted Principal (\$M)
Note 1	Green Bond 8	3/13/2025	496.8	294.0	400.2
Note 2	Green Bond 9	3/13/2025	496.3	294.0	399.8
Note 3	CIB 9	4/2/2025	172.0	274.0	129.1
	Issue	Maturity Date	Face Value (\$M)	Effective Days	Weighted Principal (\$M)
Note 4	CIB 5	9/5/2025	77.0	248.0	52.3
Note 5	CIB 7	9/5/2025	143.0	248.0	97.2

Note 6 Allocation ratio as per Ex. L-A1-CCC-001, Table 11b, col. (a), line 13.

Numbers may not add due to rounding.

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Attachment 1

Table 11b

Table 11b
Capitalization and Cost of Capital
Allocation of Existing Long-term Debt - OPG (\$M)

Line No.	Asset	Note	Amount 2025
			(a)
	Company-Wide:		
1	Net Fixed Assets	6	30,536.6
2	Construction Work in Progress		8,538.5
3	Asset Values Using Project Financing		(11,973.0)
4	Adjusted Net Fixed Assets		27,102.1
5	Adjustment for Lesser of UNL or ARC	1,2	2,122.2
6	Adjusted Net Fixed Funded Assets (line 4 - line 5)		24,979.9
	Regulated Operations		
7	Net Fixed Assets	3	20,764.2
8	Construction Work in Progress		5,261.5
9	Asset Values Using Project Financing	4	(3,965.1)
10	Adjusted Net Fixed Assets		22,060.6
11	Adjustment for Lesser of UNL or ARC	1, 5	375.4
12	Adjusted Net Fixed Funded Assets (line 10 - line 11)		21,685.2
13	Total Regulated/Company-Wide Adjusted Net Fixed Funded Assets		86.8%
	(line 12 / line 6 if <100%)		

Notes:

- 1 Reflects OEB direction to adjust the allocation of existing long-term debt to regulated operations to reflect the OEB's decision with respect to the unfunded nuclear liabilities (EB-2007-0905 Decision with Reasons, p. 165, as continued in subsequent proceedings).
- 2 Methodology is as reflected in the prior OPG payment amounts applications. Company-wide adjustment is derived as follows:

Table to Note 2		
Line No.	Company-Wide Lesser of UNL and ARC	2025
		(a)
	Company-Wide UNL:	
1a	L-A1-CCC-001, Table 12, col. (a), line 20	375.4
2a	L-A1-CCC-001, Table 12, col. (b), line 11	12,677.1
3a	L-A1-CCC-001, Table 12, col. (b), line 17	9,608.0
4a	= Company Wide UNL	3,444.5
	Company-Wide ARC:	
5a	L-A1-CCC-001, Table 12, col. (a), line 27	516.3
6a	L-A1-CCC-001, Table 12, col. (b), line 27	1,605.9
7a	= Company Wide ARC	2,122.2
8a	Lesser of Company Wide UNL and ARC	2,122.2

- 3 Represents closing net book value of property, plant & equipment and intangible assets of the regulated business reflected in the calculation of actual rate base, subject to minor differences.
- 4 Represents the closing book value of the Niagara Tunnel Project and construction work in progress and closing book value of regulated operations projects funded by Green Bonds.
- 5 From Ex. L-A1-CCC-001, Table 12, col. (a), line 28.
- 6 Represents closing net book value of property, plant & equipment and intangible assets, and other debt funded assets of OPG's consolidated company.

Numbers may not add due to rounding.

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Table 12

Table 12
Nuclear Facilities - Asset Retirement Obligation, Nuclear Segregated Funds, and Asset Retirement Costs (\$M)
Year Ending December 31, 2025

Line No.	Description	Note	2025 Actual	
			Prescribed Facilities	Bruce Facilities
			(a)	(b)
	ASSET RETIREMENT OBLIGATION			
1	Opening Balance	1	13,277.0	12,472.3
2	Used Fuel Storage and Disposal Variable Expenses		60.2	53.7
3	Low & Intermediate Level Waste Management Variable Expenses	2	14.2	13.0
4	Accretion Expense		651.3	550.9
5	Expenditures for Used Fuel, Waste Management & Decommissioning		(512.4)	(204.8)
6	Consolidation and Other Adjustments		(3.3)	(3.3)
7	Closing Balance Before Year-End Adjustments (lines 1 through 6)		13,487.0	12,881.9
8	2022 ONFA Reference Plan Adjustment		0.0	0.0
9	Year-End 2020 and 2023 Adjustment Reflecting Nuclear Station End of Life Changes		0.0	0.0
10	Closing Balance (line 7 through 9)		13,487.0	12,881.9
11	Average Asset Retirement Obligation ((line 1 + line 7)/2)		13,382.0	12,677.1
	NUCLEAR SEGREGATED FUNDS BALANCE			
12	Opening Balance	1	12,876.8	9,535.6
13	Earnings (Losses)		647.0	478.7
14	Contributions		116.4	(116.4)
15	Disbursements		(503.9)	(217.5)
16	Closing Balance (line 12 through 15)		13,136.4	9,680.5
17	Average Nuclear Segregated Funds Balance ((line 13 + line 16)/2)		13,006.6	9,608.0
	UNFUNDED NUCLEAR LIABILITY BALANCE (UNL)			
18	Opening Balance (line 1 - line 12)		400.2	
19	Closing Balance (line 7 - line 16)		350.7	
20	Average Unfunded Nuclear Liability Balance ((line 18 + line 19)/2)		375.4	
	ASSET RETIREMENT COSTS (ARC)			
21	Opening Balance	1	522.0	1,627.9
22	Depreciation Expense		(11.3)	(44.0)
23	Closing Balance Before Year-End Adjustments (line 21 + line 22)		510.7	1,583.9
24	2022 ONFA Reference Plan Adjustments		0.0	0.0
25	Year-End 2020 and 2023 Adjustment Reflecting Nuclear Station End of Life Changes		0.0	0.0
26	Closing Balance (line 23 + line 24 + line 25)		510.7	1,583.9
27	Average Asset Retirement Costs ((line 21 + line 23)/2)		516.3	1,605.9
28	LESSER OF AVERAGE UNL OR ARC (lesser of line 20 or line 27, if >0)		375.4	

Notes:

- Opening balances for the Prescribed Facilities and Bruce Facilities are from Ex. C2-1-1, Table 2, col. (f) and Ex. C2-1-1, Table 3, col. (f), respectively.
- Col. (a) includes expenses associated with OM&A costs charged to the Darlington Refurbishment Program and Pickering Refurbishment Program for disposal of low and intermediate level waste (Ex. L-A1-CCC-001, Table 45; Ex. L-A1-CCC-001, Table 46).

Numbers may not add due to rounding.

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Attachment 1
Table 13

Table 13
Capital Expenditures Summary - Regulated Hydroelectric and Hydro Common (\$M)

Line No.	Prescribed Facility Category ¹	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Portfolio Projects (Allocated)											
1	Niagara Region	47.6	20.1	21.7	20.0	18.1	31.9	38.5	69.8	53.3	70.1	50.2
2	Eastern Region	37.1	45.1	70.6	71.6	68.4	89.8	82.1	108.6	117.5	130.4	140.8
3	Western Region	10.9	17.7	20.2	51.3	66.2	79.4	56.3	64.7	74.9	73.1	101.5
4	Subtotal Portfolio Projects (Allocated)	95.6	82.9	112.5	142.8	152.7	201.1	176.9	243.1	245.7	273.6	292.5
	Portfolio Projects (Unallocated)											
5	Niagara Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.7	(22.1)
6	Eastern Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	20.4
7	Western Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	(10.8)
8	Subtotal Portfolio Projects (Unallocated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.2	(12.5)
9	Subtotal Project Capital (Portfolio)	95.6	82.9	112.5	142.8	152.7	201.1	176.9	243.1	245.7	287.8	280.0
10	Refurbishments (Allocated)	29.7	34.8	18.3	27.0	66.8	83.1	50.9	92.8	106.6	186.0	325.9
11	Refurbishments (Unallocated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	13.5
12	Redevelopments (Allocated)	0.0	0.7	2.1	4.5	25.2	62.0	65.1	27.4	53.4	254.6	355.6
13	Redevelopments (Unallocated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Sir Adam Beck 1 GS Canal Rehabilitation ²	0.0	2.8	2.5	2.5	4.6	0.1	(0.0)	(0.1)	0.4	2.0	4.6
15	Expansion Projects ^{2,3}	2.0	25.4	31.6	27.2	38.5	40.2	20.6	1.3	0.0	0.0	1.1
16	Abitibi Canyon Concrete and Sluiceway Rehabilitation Program ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.1	25.2	18.0	2.1
17	Minor Fixed Assets	0.2	0.7	1.0	1.1	1.1	1.5	1.3	1.4	1.6	3.9	1.5
18	Total Regulated Hydroelectric Capital	127.5	147.2	168.0	205.1	289.0	388.0	314.8	371.0	433.0	754.3	984.2
19	Total Hydro Common Capital	3.5	0.2	1.1	2.3	3.2	4.5	5.1	10.3	8.6	8.1	34.1

Line No.	Prescribed Facility Category ¹	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)
	Portfolio Projects (Allocated)					
20	Niagara Region	30.4	18.8	17.7	22.3	6.0
21	Eastern Region	106.3	89.6	64.5	37.9	34.1
22	Western Region	52.6	59.8	20.2	30.6	46.3
23	Subtotal Portfolio Projects (Allocated)	189.3	168.2	102.4	90.7	86.4
	Portfolio Projects (Unallocated)					
24	Niagara Region	14.2	30.7	47.8	48.7	20.0
25	Eastern Region	65.9	106.1	62.9	97.8	109.3
26	Western Region	11.9	27.8	90.3	95.1	115.9
27	Subtotal Portfolio Projects (Unallocated)	92.0	164.6	201.0	241.6	245.2
28	Subtotal Project Capital (Portfolio)	281.2	332.8	303.4	332.3	331.6
29	Refurbishments (Allocated)	289.0	299.9	278.2	263.6	117.8
30	Refurbishments (Unallocated)	119.6	186.7	148.9	202.0	288.0
31	Redevelopments (Allocated)	156.9	18.1	1.0	0.0	0.0
32	Redevelopments (Unallocated)	0.0	0.0	0.0	0.0	0.0
33	Sir Adam Beck 1 GS Canal Rehabilitation ²	18.3	20.8	134.1	1.5	0.0
34	Expansion Projects ^{2,3}	3.9	6.2	25.9	34.5	28.0
35	Abitibi Canyon Concrete and Sluiceway Rehabilitation Program ²	10.5	54.3	131.9	165.7	179.5
36	Minor Fixed Assets	1.5	1.6	1.6	1.7	1.7
37	Total Regulated Hydroelectric Capital	880.9	920.4	1,025.0	1,001.2	946.6
38	Total Hydro Common Capital	35.9	20.1	16.6	7.9	0.0

Notes:

- Operating Region descriptions effective 2021 (see Ex. A1-4-2).
- Includes both allocated and unallocated projects.
- Expansion projects include the Sir Adam Beck 1 GS G1/G2 Replacement (#84185), Ranney Falls GS Expansion (#80581), and Chats Falls Expansion (#TBD).

Numbers may not add due to rounding.

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Attachment 1
Table 14

Table 14
Comparison of In-Service Capital Additions - Regulated Hydroelectric and Hydro Common (\$M)

Line No.	Prescribed Facility Category	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Portfolio Projects (Allocated)											
1	Niagara Region	10.7	49.7	34.4	21.6	19.0	17.0	35.7	44.9	69.6	47.3	45.2
2	Eastern Region	34.1	48.2	67.4	82.0	69.6	77.4	85.2	90.3	103.7	95.7	120.6
3	Western Region	4.3	13.8	24.2	46.5	40.8	98.0	55.4	61.4	67.9	41.1	52.1
4	Subtotal Portfolio Projects (Allocated)	49.1	111.7	126.0	150.1	129.4	192.4	176.3	196.6	241.2	184.1	217.9
	Portfolio Projects (Unallocated)											
5	Niagara Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7	7.6
6	Eastern Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	12.0
7	Western Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.2
8	Subtotal Supplemental In-Service Forecast ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	19.8
9	Total Portfolio In-Service Forecast	49.1	111.7	126.0	150.1	129.4	192.4	176.3	196.6	241.2	190.1	237.7
10	Refurbishments (Allocated)	14.7	40.6	19.9	42.1	3.4	55.4	95.0	34.8	80.6	158.9	100.7
11	Refurbishments (Unallocated)	0.0	0.0	0.0	0.0	0.0	0.0				0.0	0.0
12	Redevelopments (Allocated)	0.0	0.0	0.0	0.0	0.0	0.0	133.0	30.8	1.8	16.6	165.2
13	Redevelopments (Unallocated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Sir Adam Beck 1 GS Canal Rehabilitation ²	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
15	Expansion Projects	0.0	0.0	0.0	53.7	11.7	0.0	118.4	5.2	0.0	0.0	0.0
16	Abitibi Canyon Concrete and Sluiceway Rehabilitation Program ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.6	24.6	27.3
17	Minor Fixed Assets	0.2	0.7	1.0	1.1	1.1	1.5	1.3	1.4	1.6	3.9	1.5
18	Total Regulated Hydroelectric In-Service Capital Additions	64.0	153.0	146.9	246.9	145.9	249.3	524.0	268.8	347.8	394.1	532.4
19	Hydro Common	0.0	3.7	0.0	2.6	2.9	3.7	4.4	4.2	4.4	16.4	10.2

Line No.	Prescribed Facility Category	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2017-2021 Actuals	(h)-(f) Change	2022-2026 Actuals & Budget	(j)-(h) Change	2027-2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Portfolio Projects (Allocated)										
20	Niagara Region	77.9	16.5	30.9	23.7	4.3	141.7	101.0	242.7	(89.4)	153.3
21	Eastern Region	81.6	77.6	118.8	55.1	38.2	344.6	150.9	495.5	(124.2)	371.3
22	Western Region	103.7	97.6	18.8	42.7	46.3	223.3	54.6	277.8	31.3	309.1
23	Subtotal Portfolio Projects (Allocated)	263.2	191.7	168.5	121.5	88.8	709.6	306.5	1,016.0	(182.3)	833.7
	Portfolio Projects (Unallocated)										
24	Niagara Region	(8.4)	35.5	43.1	53.4	26.4	0.0	11.3	11.3	138.8	150.0
25	Eastern Region	87.0	87.0	69.8	67.6	56.3	0.0	12.2	12.2	355.5	367.7
26	Western Region	(2.7)	21.4	83.2	55.3	158.0	0.0	2.4	2.4	312.8	315.2
27	Subtotal Supplemental In-Service Forecast ¹	75.9	143.9	196.1	176.3	240.7	0.0	25.9	25.9	807.0	832.9
28	Total Portfolio In-Service Forecast	339.1	335.6	364.6	297.8	329.5	709.6	332.3	1,041.9	624.7	1,666.6
29	Refurbishments (Allocated)	138.8	339.7	281.1	500.1	92.5	161.4	308.6	470.0	882.2	1,352.2
30	Refurbishments (Unallocated)	12.0	76.0	243.2	93.9	137.0	0.0	0.0	0.0	562.1	562.1
31	Redevelopments (Allocated)	350.1	351.8	15.0	0.0	0.0	0.0	347.4	347.4	369.5	716.9
32	Redevelopments (Unallocated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Sir Adam Beck 1 GS Canal Rehabilitation ²	0.0	0.0	190.0	0.0	0.0	0.3	(0.3)	0.0	190.0	190.0
34	Expansion Projects	0.0	0.0	0.0	0.0	0.0	65.4	58.2	123.6	(123.6)	0.0
35	Abitibi Canyon Concrete and Sluiceway Rehabilitation Program ²	0.0	0.0	20.0	45.0	66.4	0.0	74.4	74.4	57.0	131.4
36	Minor Fixed Assets	1.5	1.6	1.6	1.7	1.7	5.4	4.3	9.7	(1.7)	8.1
37	Total Regulated Hydroelectric In-Service Capital Additions	841.5	1,104.7	1,115.5	938.5	627.1	942.0	1,125.0	2,067.0	2,560.2	4,627.3
38	Hydro Common	16.5	48.5	30.8	13.5	0.0	12.9	26.9	39.8	69.6	109.4

Notes:

¹ In-service amounts for unallocated projects (see Ex. D1-1-1, Section 3.0); reflects the difference between total approved portfolio budget and amount allocated to portfolio projects.

² Includes forecast in-service amounts for both allocated and unallocated projects.

Numbers may not add due to rounding.

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Table 15

Table 15
Capital Expenditures Summary - OPG Nuclear Facilities (\$M)

Line No.	Category	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2025 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Nuclear Operations Capital¹	380.8	366.8	481.3	566.8	548.6	579.7	861.2	1,053.1	1,004.8	1,138.7	1,154.1	836.6	540.0
2	Darlington Refurbishment Program²	781.5	813.0	970.3	973.2	988.2	835.2	392.0	0.0	0.0	0.0	0.0	0.0	710.6
3	Pickering Refurbishment Program³	0.0	0.0	0.0	15.4	371.6	1,500.0	3,045.6	3,473.2	3,607.6	3,578.3	2,681.4	1,860.5	1,522.6
4	Total OPG Nuclear Facilities Capital	1,162.3	1,179.8	1,451.6	1,555.4	1,908.4	2,914.9	4,298.7	4,526.3	4,612.4	4,717.0	3,835.5	2,697.2	2,773.2
5	DNNP Capitalized Fuel⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	78.1	25.0	0.0

Notes:

- 1 Refer to Ex. L-A1-CCC-001, Table 16, line 22.
- 2 Refer to Ex. L-A1-CCC-001, Table 19, line 5.
- 3 Refer to Ex. L-A1-CCC-001, Table 21, line 4.
- 4 Refer to Ex. L-A1-CCC-001, Table 16, line 23.

Numbers may not add due to rounding.

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Table 16

Table 16
Capital Expenditures Summary - Nuclear Operations (\$M)

Line No.	Category	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OPG Nuclear Facilities Portfolio Projects (Allocated)												
1	Darlington NGS	263.8	252.9	311.4	358.8	302.8	295.1	351.5	286.5	160.1	110.4	73.9	43.7
2	Pickering NGS	25.6	12.1	9.6	19.1	6.7	38.0	54.8	44.1	22.6	14.2	0.2	3.4
3	Operations and Project Support	38.3	54.5	38.3	37.2	36.7	24.9	21.2	8.5	4.8	2.1	1.8	0.4
4	Subtotal OPG Nuclear Facilities Portfolio Projects (Allocated)	327.7	319.5	359.3	415.1	346.2	357.9	427.5	339.1	187.5	126.7	76.0	47.5
	OPG Nuclear Facilities Portfolio Projects (Unallocated)												
5	Darlington NGS	0.0	0.0	0.0	0.0	0.0	0.9	(27.8)	62.2	94.9	119.7	130.8	160.7
6	Pickering NGS	0.0	0.0	0.0	0.0	0.0	37.8	76.2	133.4	188.3	230.5	254.0	257.8
7	Operations and Project Support	0.0	0.0	0.0	0.0	0.0	2.5	7.4	15.0	21.5	31.7	20.3	1.0
8	Subtotal OPG Nuclear Facilities Portfolio Projects (Unallocated)	0.0	0.0	0.0	0.0	0.0	41.1	55.8	210.7	304.8	382.0	405.1	419.4
9	Subtotal OPG Nuclear Facilities Project Capital (Portfolio)	327.7	319.5	359.3	415.1	346.2	399.1	483.3	549.8	492.2	508.7	481.1	466.9
10	Darlington Water Treatment Plant Lease	0.0	0.0	0.0	0.0	68.3	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
11	Darlington Unit 2 Turbine Control and Auxiliary Systems Upgrade	15.3	3.9	18.0	23.9	4.1	14.5	27.7	65.7	3.9	0.0	0.0	0.0
12	Tritium Removal Facility Major Component Replacement Program	0.0	0.4	3.5	4.3	6.2	25.3	36.3	53.8	32.9	57.5	29.8	18.3
13	Darlington Steam Generator Primary Moisture Separators Replacement Projects	0.0	5.7	70.0	98.6	83.9	37.5	81.4	100.7	12.9	0.0	0.0	0.0
14	Pickering Extended Operations	19.7	17.5	0.8	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Darlington Non-Routine Steam Generator Cleanings	0.0	0.0	0.0	0.0	0.2	7.0	14.4	12.6	11.6	8.6	0.0	0.0
16	Darlington Unit 1 and 2 Generator Stator Rewind	0.0	0.0	0.0	0.0	0.0	6.9	41.1	16.0	112.5	30.2	93.0	0.8
17	Darlington Turbine Rotors Replacement ²	0.0	0.0	0.0	0.0	0.0	10.0	161.8	241.3	321.8	519.5	407.8	308.4
18	Pickering Water Treatment Plant Lease ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	98.2	0.0
19	Darlington Refurbishment New Fuel	0.2	0.0	15.6	0.3	17.4	19.6	0.3	0.0	0.0	0.0	0.0	0.0
20	Pickering Refurbishment New Fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.7	24.9
21	OPG Nuclear Facilities Minor Fixed Assets	17.9	19.8	14.0	24.2	22.2	20.3	14.9	13.2	17.0	14.4	20.5	17.4
22	Total Nuclear Operations Capital	380.8	366.8	481.3	566.8	548.6	540.0	861.2	1,053.1	1,004.8	1,138.7	1,154.1	836.6
23	DNNP Capitalized Fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	78.1	25.0

Notes

- Amounts associated with Pickering Water Treatment Plant Lease are unallocated.
- Darlington Turbine Rotors Replacement consists of two projects (87807 - replacement & 87811 - capital spare). Project 87811 is not CRVA eligible.

Numbers may not add due to rounding.

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Table 17

Table 17
Comparison of In-Service Capital Additions - Nuclear Operations (\$M)

Line No.	Business Unit	2020 OEB Approved ¹	(c)-(a) Change	2020 Actual	2021 OEB Approved	(f)-(d) Change	2021 Actual	2022 OEB Approved	(i)-(g) Change	2022 Actual	2023 OEB Approved	(l)-(j) Change	2023 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OPG Nuclear Facilities Portfolio Projects (Allocated)												
1	Darlington NGS	101.3	84.6	185.9	61.4	161.4	222.8	409.7	(148.9)	260.9	317.6	(54)	312.2
2	Pickering NGS	0.0	35.7	35.7	0.0	15.7	15.7	0.0	17.1	17.1	0.0	9.0	9.0
3	Operations and Project Support ¹	29.7	(16.9)	12.8	0.6	50.0	50.6	13.4	14.3	27.7	93.8	(74.9)	18.9
4	Subtotal OPG Nuclear Facilities Portfolio Projects (Allocated)	131.0	103.3	234.3	62.1	227.1	289.1	423.1	(117.5)	305.7	411.3	(71.2)	340.1
	OPG Nuclear Facilities Portfolio Projects (Unallocated)												
5	Darlington NGS	45.1	(45.1)	0.0	72.9	(72.9)	0.0	(8.5)	8.5	0.0	28.0	(28.0)	0.0
6	Pickering NGS	33.8	(33.8)	0.0	27.4	(27.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Operations and Project Support ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	(1.2)	0.0
8	Subtotal OPG Nuclear Facilities Portfolio Projects (Supplemental In-Service Forecast) ²	78.8	(78.8)	0.0	100.2	(100.2)	0.0	(8.5)	8.5	0.0	29.2	(29.2)	0.0
9	Total OPG Nuclear Facilities Portfolio In-Service Forecast	209.8	24.5	234.3	162.3	126.8	289.1	414.7	(109.0)	305.7	440.5	(100.4)	340.1
10	Darlington Water Treatment Plant Lease	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Darlington Unit 2 Turbine Control and Auxiliary Upgrade	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Tritium Removal Facility Major Component Replacements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Darlington Steam Generator Primary Moisture Separators Replacement Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.2	82.2
14	Pickering Extended Operations	0.0	24.4	24.4	0.0	23.9	23.9	0.0	0.7	0.7	0.0	0.6	0.6
15	Darlington Non-Routine Steam Generator Cleanings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
16	Darlington Unit 1 and 2 Generator Stator Rewind	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Darlington Turbine Rotors Replacement ⁵	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Pickering Water Treatment Plant Lease ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Darlington Refurbishment New Fuel	15.3	1.7	17.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.9	15.9
20	Pickering Refurbishment New Fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Minor Fixed Assets	19.5	(1.6)	17.9	19.3	0.5	19.8	19.6	(5.6)	14.0	21.0	3.2	24.2
22	Nuclear Operations Total In-Service Capital Additions Before Adjustments	244.7	49.0	293.7	181.6	151.2	332.8	434.3	(113.9)	320.4	461.6	1.5	463.1
23	OEB/Settlement Adjustments ³	(24.5)			(18.2)			(56.5)	56.5		(60.0)	60.0	
24	Nuclear Operations Total In-Service Capital Additions Including Adjustments	220.2	73.4	293.7	163.5	169.3	332.8	377.8	(57.4)	320.4	401.6	61.5	463.1
25	DNNP Capitalized Fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Line No.	Business Unit	2024 OEB Approved	(c)-(a) Change	2024 Actual	2025 OEB Approved	(f)-(d) Change	2025 Actual	2026 OEB Approved	(i)-(g) Change	2026 Budget	2027 Plan	(l)-(j) Change	2028 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OPG Nuclear Facilities Portfolio Projects (Allocated)												
26	Darlington NGS	291.6	73.1	364.7	272.2	(5.0)	267.2	168.9	165.3	334.3	479.7	(237.3)	242.4
27	Pickering NGS	0.0	11.8	11.8	0.0	23.4	23.4	0.0	29.6	29.6	69.0	(40.9)	28.2
28	Operations and Project Support ¹	0.0	43.7	43.7	29.5	(12.4)	17.1	0.0	113.5	113.5	19.4	(12.0)	7.4
29	Subtotal OPG Nuclear Facilities Portfolio Projects (Allocated)	291.6	128.7	420.3	301.7	5.9	307.7	168.9	308.5	477.4	568.2	(290.2)	278.0
	OPG Nuclear Facilities Portfolio Projects (Unallocated)												
30	Darlington NGS	1.4	(1.4)	0.0	30.3	(30.3)	0.0	138.4	(171.6)	(33.1)	60.5	33.2	93.6
31	Pickering NGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.5	29.9	43.4
32	Operations and Project Support ¹	11.7	(11.7)	0.0	7.6	(7.6)	0.0	11.5	(11.5)	0.0	3.3	2.0	5.3
33	Subtotal OPG Nuclear Facilities Portfolio Projects (Supplemental In-Service Forecast) ²	13.1	(13.1)	0.0	37.9	(37.9)	0.0	149.9	(183.0)	(33.1)	77.3	65.1	142.4
34	Total OPG Nuclear Facilities Portfolio In-Service Forecast	304.7	115.6	420.3	339.7	(32.0)	307.7	318.8	125.4	444.2	645.5	(225.1)	396.1
35	Darlington Water Treatment Plant Lease	138.6	(70.5)	68.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36	Darlington Unit 2 Turbine Control and Auxiliary Systems Upgrade	0.0	0.0	0.0	102.1	(102.1)	0.0	0.0	0.0	0.0	0.0	177.2	177.2
37	Tritium Removal Facility Major Component Replacement Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.5	(52.5)	0.0
38	Darlington Steam Generator Primary Moisture Separators Replacement Projects	0.0	87.9	87.9	0.0	89.4	89.4	0.0	81.8	81.8	122.1	(108.9)	13.2
39	Pickering Extended Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
40	Darlington Non-Routine Steam Generator Cleanings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	20.0	14.7	(1.9)	12.8
41	Darlington Unit 1 and 2 Generator Stator Rewind	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	159.3	159.3
42	Darlington Turbine Rotors Replacement ⁵	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
43	Pickering Water Treatment Plant Lease ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
44	Darlington Refurbishment New Fuel	16.5	0.9	17.4	16.9	(16.9)	0.0	18.1	1.8	19.9	0.0	0.0	0.0
45	Pickering Refurbishment New Fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
46	OPG Nuclear Facilities Minor Fixed Assets	20.2	(7.0)	22.2	18.7	1.7	20.3	11.4	3.5	14.9	13.2	3.8	17.0
47	Nuclear Operations Total In-Service Capital Additions Before Adjustments	489.0	126.9	615.9	477.3	(60.0)	417.4	348.3	232.5	580.8	848.0	(48.2)	799.8
48	OEB/Settlement Adjustments ³	(63.6)	63.6	0.0	(62.1)	62.1	0.0	(45.3)	45.3	0.0	0.0	0.0	0.0
49	Nuclear Operations Total In-Service Capital Additions Including Adjustments	425.4	190.5	615.9	415.2	2.1	417.4	303.0	277.8	580.8	848.0	(48.2)	799.8
50	DNNP Capitalized Fuel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes:

- Includes Engineering, Advanced Inspection and Maintenance, and Security & Emergency Services.
- Supplemental forecast to reconcile BCS in-service estimates to final business plan (see Ex. D2-1-3, Section 4.0).
- See EB-2020-0290, Ex. O, Tab 1, Sch. 1, Pg. 22 of 51, Table 14.
- Amounts associated with Pickering Water Treatment Plant Lease are unallocated.
- Darlington Turbine Rotors Replacement consists of two projects (87807 - replacement & 87811 - capital spare). Project 87811 is not CRVA eligible.

Numbers may not add due to rounding.

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Exhibit L
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Attachment 1
Table 18

Table 18
Program Expenditures Summary - Darlington Refurbishment Program (\$M)

Line No.	Description	2010 Actual	2011 Actual	2012 Actual	2013 ⁺ Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	OM&A ^{1,2,3,4}	3.2	2.6	2.8	6.3	6.3	1.6	3.1	36.1	31.3	1.7	19.0	35.6
2	Capital Expenditures ^{1,2,3,4,5}	32.6	91.0	232.5	409.3	694.3	705.8	1,019.2	1,249.3	1,079.2	1,150.5	781.5	813.0
3	Total Darlington Refurbishment Program	35.8	93.6	235.3	415.6	700.5	707.4	1,022.3	1,285.4	1,110.5	1,152.2	800.5	848.5

Line No.	Description	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2010-2026 Total	2025 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
4	OM&A	22.3	39.0	59.7	10.5	1.8	282.8	10.9
5	Capital Expenditures	970.3	973.2	988.2	835.2	392.0	12,417.0	710.6
6	Total Darlington Refurbishment Program	992.6	1,012.2	1,047.9	845.7	393.8	12,699.9	721.4

Notes:

- Line 1 cols. (a) through (c) per EB-2013-0321, Ex. F2-7-1, Table 1, line 3, cols. (a) through (c) and Line 2 cols. (a) through (c) per EB-2013-0321, Ex. D2-1-2, Table 1, line 2, cols. (a) through (c).
- Line 1 cols. (d) through (f) per EB-2016-0152 Ex. F2-7-1, Table 1, line 3, cols. (a) through (c) and Line 2 cols. (d) through (f) per EB-2016-0152 Ex. D2-1-2, Table 1, line 2, cols. (a) through (c).
- Line 1 cols. (g) through (j) per EB-2020-0290 Ex. F2-7-1, Table 1, line 4, cols. (a) through (d) and Line 2 cols. (g) through (j) per EB-2020-0290 Ex. D2-1-2, Table 1, line 2, cols. (a) through (d).
- Line 1, cols. (k) through (l) and Line 4, cols. (a) through (e) per Ex. L-A1-CCC-001, Table 45, line 4, cols. (a) through (g) and Line 2, cols. (k) through (l) and Line 5, cols. (a) through (e) per Ex. L-A1-CCC-001, Table 15, line 2, cols. (a) through (g).
- ⁺ Line 2, col. (d) has been revised from amounts shown in EB-2016-0152 Ex. D2-1-2, Table 1, line 2, col. (a) as projects 73706, 25619 and 34000 were reclassified as noted in EB-2016-0152 Ex. D-2-10 pp. 10 and pp. 11.

Numbers may not add due to rounding.

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Table 19

Table 19
Capital Expenditures Summary - Darlington Refurbishment Program (\$M)

Line No.	Description	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2025 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Darlington Refurbishment Program - Unit Refurbishment ¹	771.4	813.9	970.2	971.4	987.9	835.2	392.0	0.0	0.0	0.0	0.0	0.0	710.6
2	Facilities and Infrastructure Projects	0.4	(1.4)	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Heavy Water Storage Facility (D2O Storage) Project ²	7.0	(0.3)	0.0	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Safety Improvement Opportunities	2.7	0.8	0.9	1.8	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Total Darlington Refurbishment	781.5	813.0	970.3	973.2	988.2	835.2	392.0	0.0	0.0	0.0	0.0	0.0	710.6

Notes:

- 1 The DRP Unit Refurbishment includes the Unit 2, Unit 3, Unit 1, Unit 4, and Early In-Service projects.
- 2 Heavy Water Storage Facility (D2O Storage) project costs in rate base are limited to amounts approved by the OEB in EB-2020-0290.

Numbers may not add due to rounding.

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Table 20

Table 20
Comparison of In-Service Capital Additions - Darlington Refurbishment Program (\$M) 2020-2028

Line No.	Business Unit	2020 OEB Approved	(c)-(a) Change	2020 Actual	2021 OEB Approved	(f)-(d) Change	2021 Actual	2022 OEB Approved	(i)-(g) Change	2022 Actual	2023 OEB Approved	(l)-(j) Change	2023 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Darlington Refurbishment - Unit Refurbishment - Unit 2	4,799.8	(34.8)	4,765.0	0.4	5.8	6.2	0.0	(2.5)	(2.5)	0.0	(2.4)	(2.4)
2	Darlington Refurbishment - Unit 2 Refurbishment - Early I/S	0.0	2.2	2.2	0.0	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0
3	Subtotal	4,799.8	(32.6)	4,767.2	0.4	7.3	7.7	0.0	(2.5)	(2.5)	0.0	(2.4)	(2.4)
4	Facilities & Infrastructure Projects	9.4	0.6	10.0	0.0	(1.4)	(1.4)	0.0	(0.9)	(0.9)	0.0	0.0	0.0
5	D20 Storage Project ¹	0.0	381.0	381.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Safety Improvement Opportunities	0.0	(3.0)	(3.0)	0.0	1.5	1.5	0.0	4.2	4.2	0.0	0.0	0.0
7	Darlington Refurbishment - Unit Refurbishment - Unit 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,242.4	2,242.4
8	Darlington Refurbishment - Unit 3 Refurbishment - Early I/S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	2.9	0.0	0.0	0.0
9	Darlington Refurbishment - Unit Refurbishment - Unit 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Darlington Refurbishment - Unit 1 Refurbishment - Early I/S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	(1.4)	0.0
11	Darlington Refurbishment - Unit Refurbishment - Unit 4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Darlington Refurbishment - Unit 4 Refurbishment - Early I/S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Total In-Service Capital Additions	4,809.2	345.9	5,155.1	0.4	7.4	7.8	0.0	3.7	3.7	1.4	2,238.6	2,240.1

Line No.	Business Unit	2024 OEB Approved	(c)-(a) Change	2024 Actual	2025 OEB Approved	(f)-(d) Change	2025 Actual	2026 OEB Approved	(i)-(g) Change	2026 Budget	2027 Plan	(l)-(j) Change	2028 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
14	Darlington Refurbishment - Unit Refurbishment - Unit 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Darlington Refurbishment - Unit 2 Refurbishment - Early I/S	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
16	Subtotal	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
17	Facilities & Infrastructure Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	D20 Storage Project ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Safety Improvement Opportunities	0.0	2.3	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	Darlington Refurbishment - Unit Refurbishment - Unit 3	2,504.0	(2,454.3)	49.7	0.0	2.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0
21	Darlington Refurbishment - Unit 3 Refurbishment - Early I/S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Darlington Refurbishment - Unit Refurbishment - Unit 1	0.0	1,689.9	1,689.9	1,907.3	(1,882.0)	25.4	0.0	6.2	6.2	0.0	0.0	0.0
23	Darlington Refurbishment - Unit 1 Refurbishment - Early I/S	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24	Darlington Refurbishment - Unit Refurbishment - Unit 4	0.0	0.0	0.0	0.0	0.0	0.0	2,028.3	263.2	2,291.5	0.0	0.0	0.0
25	Darlington Refurbishment - Unit 4 Refurbishment - Early I/S	1.6	(1.6)	0.0	0.0	0.0	0.0	0.0	1.7	1.7	0.0	0.0	0.0
26	Total In-Service Capital Additions	2,505.5	(763.7)	1,741.9	1,907.3	(1,878.8)	28.5	2,028.3	271.1	2,299.4	0.0	0.0	0.0

Notes:

¹ In its EB-2020-0290 Decision and Order, the OEB approved in-service additions of \$381M, which factors in a permanent rate base disallowance of \$113.7M to the total cost that OPG proposed to add to rate base for the D20 Storage Project.

Numbers may not add due to rounding.

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Table 21

Table 21
Capital Expenditures Summary - Pickering Refurbishment Program (\$M)

Line No.	Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2025 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Pickering Refurbishment Program - Unit Refurbishment¹	15.1	354.6	1,363.7	2,778.4	3,117.7	3,289.9	3,396.8	2,563.0	1,860.5	1,408.1
2	Facilities and Infrastructure Projects	0.0	1.0	79.0	97.1	2.7	0.0	0.0	0.0	0.0	70.3
3	Deep Water Intake	0.3	16.0	57.3	170.1	352.7	317.6	181.5	118.5	0.0	44.2
4	Total Pickering Refurbishment Program²	15.4	371.6	1,500.0	3,045.6	3,473.2	3,607.6	3,578.3	2,681.4	1,860.5	1,522.6

Notes:

- 1 The Pickering Unit Refurbishment includes Unit 5, Unit 6, Unit 7, and Unit 8.
- 2 OM&A costs (L&ILW variable expenses and Removal costs) are excluded from Total Pickering Refurbishment Program.

Numbers may not add due to rounding.

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Table 22

Table 22
Comparison of In-Service Capital Additions - Pickering Refurbishment Program (\$M) 2026-2031

Line No.	Business Unit	2026 Budget	(c)-(a) Change	2027 Plan	(e)-(c) Change	2028 Plan	(g)-(e) Change	2029 Plan	(i)-(g) Change	2030 Plan	(k)-(i) Change	2031 Plan	2026 Budget	(n)-(l) Change	2027-2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Unit Refurbishment - Unit 5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,474.1	8,474.1	0.0	8,474.1	8,474.1
2	Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,474.1	8,474.1	0.0	8,474.1	8,474.1
3	Deep Water Intake (DWI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,213.9	1,213.9	0.0	1,213.9	1,213.9
4	F&IP - Common Services Building (CSB)	57.4	(57.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	57.4	(57.4)	0.0
5	F&IP - Pickering Maintenance Facility (PMF)	30.7	(30.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.7	(30.7)	0.0
6	F&IP - ESB1 & ESB2 WPO	21.8	(21.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.8	(21.8)	0.0
7	F&IP - PN Campus Electrical Upgrades	19.5	(19.5)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	(19.5)	0.0
8	F&IP - PN Campus Parking Lots/Roads (outside PA)	17.1	(17.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.1	(17.1)	0.0
9	F&IP - Montgomery Park and Sandy Beach Roads Upgrades	0.0	20.6	20.6	(20.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.6	20.6
10	F&IP - under \$10M projects	12.7	(12.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.7	(12.7)	0.0
11	Total In-Service Capital Additions	159.3	(138.7)	20.6	(20.6)	0.0	0.0	0.0	0.0	0.0	9,688.0	9,688.0	159.3	9,549.3	9,708.6

Numbers may not add due to rounding.

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 Table 23

Table 23
Capital Expenditures Summary - Darlington New Nuclear Program (\$M)

Line No.	Category	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	2025 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
	DNNP Capital													
1	Unit 1 & Common Scope Facilities	0.0	0.0	163.4	236.2	528.9	1,215.9	1,455.5	1,410.4	896.7	304.7	373.2	0.0	956.3
2	Unit 2 - 4	0.0	0.0	0.0	0.0	39.4	66.7	178.0	210.3	0.0	0.0	0.0	0.0	25.2
3	Total DNNP Released Capital	0.0	0.0	163.4	236.2	568.3	1,282.6	1,633.5	1,620.7	896.7	304.7	373.2	0.0	981.5

Numbers may not add due to rounding.

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Table 24

Table 24
Comparison of In-Service Capital Additions - Darlington New Nuclear Program (\$M)

Line No.	Business Unit	2025 Actual	(c)-(a) Change	2026 Budget	(e)-(c) Change	2027 Plan	(g)-(e) Change	2028 Plan	(i)-(g) Change	2029 Plan	(k)-(i) Change	2030 Plan	(m)-(k) Change	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Unit 1 and Common Scope Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,325.3	6,325.3	(6,325.3)	0.0
2	Total Unit 1 & Common Scope Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,325.3	6,325.3	(6,325.3)	0.0
3	Minor Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Total In-Service Capital Additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,325.3	6,325.3	(6,325.3)	0.0

Numbers may not add due to rounding.

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Table 25

Table 25
Capital Expenditures Summary - Support Services³ (\$M)
(Capital Expenditures Impacting OPG Rate Base or Asset Service Fees)

Line No.	Support Services	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	IT Portfolio ¹	101.0	104.6	96.9	116.4	92.7	103.4	96.6	77.1	88.2	92.9	91.6	82.3
2	Real Estate	20.0	24.3	27.9	37.4	34.7	23.8	76.6	102.4	41.8	42.9	47.7	31.2
3	Subtotal	121.0	128.9	124.9	153.8	127.4	127.2	173.2	179.5	130.0	135.8	139.3	113.5
4	Microsoft Enterprise Agreement	23.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Corporate Headquarters ²	0.0	0.0	0.0	61.4	44.1	87.3	0.0	0.0	0.0	0.0	0.0	0.0
6	Enterprise System Modernization Projects	0.0	0.0	0.0	0.0	0.0	4.4	58.5	104.8	61.7	43.7	44.3	39.8
7	Subtotal	23.1	0.0	0.0	61.4	44.1	91.8	58.5	104.8	61.7	43.7	44.3	39.8
8	DNNP Operational Readiness Technology Projects (DNNP Asset Service Fee)	0.0	0.0	0.0	0.0	0.0	20.1	45.3	28.7	22.4	16.6	7.5	5.8
9	Total	144.0	128.9	124.9	215.1	171.5	239.1	277.0	313.0	214.1	196.0	191.1	159.0

Notes:

- Expenditures include a project with cloud computing arrangements categorized as a prepaid asset for accounting purposes (Ex. D3-1-2, p. 3, footnote 1) .
- Corporate Headquarters includes the cost to acquire the building and associated renovation. The acquisition cost excludes costs associated with undeveloped land.
- Clarington Corporate Campus (EB-2020-0290) is not shown as the project was cancelled for a preferable alternative and written off to Project OM&A. The cancelled project is discussed further in Ex. D3-1-1 Section 3.2.

Numbers may not add due to rounding.

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Table 26

Table 26
Comparison of In-Service Capital Additions - Support Services (\$M) 2020-2028

Line No.	Business Unit	2020 OEB Approved	(c)-(a) Change	2020 Actual	2021 OEB Approved	(f)-(d) Change	2021 Actual	2022 OEB Approved	(i)-(g) Change	2022 Actual	2023 OEB Approved	(l)-(j) Change	2023 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	IT - Nuclear Rate Base	3.7	18.0	21.7	2.2	37.7	39.9	36.9	(10.3)	26.6	34.8	(11.7)	23.1
2	IT - Regulated Hydroelectric Rate Base	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	IT - Renewable Generation Joint Use Assets	0.0	12.9	12.9	0.0	6.1	6.1	0.0	2.0	2.0	0.0	2.3	2.3
4	IT - Asset Service Fee	17.0	51.6	68.6	17.0	48.0	65.0	39.1	38.6	77.7	41.6	16.3	57.9
5	Subtotal	20.7	82.4	103.1	19.2	91.8	111.0	76.0	30.2	106.2	76.4	6.8	83.3
6	Real Estate - Nuclear Rate Base	1.0	11.5	12.5	1.0	20.3	21.3	31.3	(8.5)	22.8	3.2	32.7	35.9
7	Real Estate - Asset Service Fee	3.0	0.5	3.5	3.0	(0.6)	2.4	1.0	0.1	1.1	1.0	1.3	2.3
8	Real Estate - Renewable Generation Joint Use Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Subtotal	4.0	12.0	16.0	4.0	19.6	23.6	32.3	(8.5)	23.9	4.2	34.1	38.2
10	Microsoft Enterprise Agreement ¹	0.0	22.9	22.9	0.0	0.1	0.1	0.0	0.0	0.0	23.0	(23.0)	0.0
11	Clarington Corporate Campus ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Corporate Headquarters ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	7.7
13	Subtotal	0.0	22.9	22.9	0.0	0.1	0.1	0.0	0.0	0.0	23.0	(15.3)	7.7
14	Enterprise System Modernization Projects- ASF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Enterprise System Modernization Projects- Renewable Generation Joint Use Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
16	Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	DNNP Operational Readiness Technology Projects- DNNP Asset Service Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Minor Fixed Assets	1.2	2.4	3.6	1.2	2.0	3.2	3.2	1.6	4.8	3.2	0.7	3.9
19	In-Service Capital Additions Before Adjustments	25.9	119.8	145.7	24.4	113.5	137.9	111.6	23.4	134.9	106.8	26.4	133.2
20	OEB/Settlement Adjustment ⁴	0.0	0.0	0.0	0.0	0.0	0.0	(3.4)	3.4	0.0	(1.9)	1.9	0.0
21	Total In-Service Capital Additions Including Adjustments	25.9	119.8	145.7	24.4	113.5	137.9	108.2	26.8	134.9	104.9	28.3	133.2

Line No.	Business Unit	2024 OEB Approved	(c)-(a) Change	2024 Actual	2025 OEB Approved	(f)-(d) Change	2025 Actual	2026 OEB Approved	(i)-(g) Change	2026 Budget	2027 Plan	(l)-(j) Change	2028 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
22	IT - Nuclear Rate Base	31.9	(2.1)	29.8	27.9	(8.1)	19.8	26.9	(5.4)	21.5	26.4	(0.2)	26.2
23	IT - Regulated Hydroelectric Rate Base	0.0	0.1	0.1	0.0	0.2	0.2	0.0	0.5	0.5	1.5	0.0	1.5
24	IT - Renewable Generation Joint Use Assets	0.0	0.7	0.7	0.0	2.4	2.4	0.0	1.4	1.4	1.1	3.0	4.1
25	IT - Asset Service Fee	39.9	9.7	49.6	45.9	13.6	59.5	46.9	2.7	49.6	66.1	(12.5)	53.6
26	Subtotal	71.8	8.4	80.3	73.8	8.1	81.9	73.8	(0.9)	73.0	95.1	(9.7)	85.4
27	Real Estate - Nuclear Rate Base	2.5	26.6	29.1	19.9	(2.4)	17.5	4.0	11.0	15.0	107.5	(71.5)	36.0
28	Real Estate - Asset Service Fee	1.0	(0.5)	0.5	1.0	1.5	2.5	0.0	0.2	0.2	27.6	(26.2)	1.4
29	Real Estate - Renewable Generation Joint Use Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.1	(27.9)	2.2
30	Subtotal	3.5	26.1	29.6	20.9	(1.0)	19.9	4.0	11.2	15.2	165.2	(125.6)	39.6
31	Microsoft Enterprise Agreement ¹	0.0	0.0	0.0	0.0	0.0	0.0	23.0	(23.0)	0.0	0.0	0.0	0.0
32	Clarington Corporate Campus ²	197.5	(197.5)	0.0	2.5	(2.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Corporate Headquarters ³	0.0	0.0	0.0	0.0	182.8	182.8	0.0	0.0	0.0	0.0	0.0	0.0
34	Subtotal	197.5	(197.5)	0.0	2.5	180.3	182.8	23.0	(23.0)	0.0	0.0	0.0	0.0
35	Enterprise System Modernization Projects- ASF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	4.0	0.0	89.1	89.1
36	Enterprise System Modernization Projects- Renewable Generation Joint Use Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
37	Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	4.0	0.0	89.1	89.1
38	DNNP Operational Readiness Technology Projects- DNNP Asset Service Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
39	Minor Fixed Assets	3.2	1.3	4.5	3.2	3.0	6.2	3.2	3.8	7.0	9.0	0.0	9.0
40	In-Service Capital Additions Before Adjustments	276.0	(161.7)	114.3	100.4	190.4	290.8	104.0	(4.8)	99.2	269.3	(46.2)	223.1
41	OEB/Settlement Adjustment ⁴	(1.7)	1.7	0.0	(2.4)	2.4	0.0	(1.5)	1.5	0.0	0.0	0.0	0.0
42	Total In-Service Capital Additions Including Adjustments	274.3	(160.0)	114.3	98.0	192.8	290.8	102.5	(3.3)	99.2	269.3	(46.2)	223.1

Notes:

1 Variance in 2023 and 2026 due to updated accounting treatment of these costs as OM&A (Ex. D3-1-1, s. 3.1.4).

2 Corporate Headquarters includes the cost to acquire the building and associated renovation. The acquisition cost excludes costs associated with undeveloped land.

3 For comparison with the Corporate Headquarters project, the "OEB Approved" column includes the Clarington Corporate Campus project in-service additions planned in EB-2020-0290. A deferral account for the Clarington Corporate Campus project was established in EB-2020-0290, and associated impacts were excluded from the EB-2020-0290 final payment amounts order.

4 See EB-2020-0290, Ex. O, Tab 1, Sch. 1, Pg. 22 of 51, Table 14.

Numbers may not add due to rounding.

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Exhibit L

A1-CCC-001

Attachment 1

Table 27

Table 27
Production Trend - Regulated Hydroelectric (TWh)

Line No.	Operating Region ¹	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget ³	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Niagara Region	12.0	11.3	12.0	12.4	12.2	12.5	12.7	13.2	13.7	13.3	14.0	13.8
2	Eastern Region ²	14.2	16.1	14.8	14.8	15.3	14.0	15.1	15.3	15.5	14.7	14.8	15.0
3	Western Region	3.3	3.4	3.0	3.3	2.8	2.4	3.4	2.9	3.2	2.9	3.9	3.7
4	Total	29.5	30.7	29.8	30.5	30.3	29.0	31.1	31.4	32.5	30.9	32.8	32.5

Notes:

- 1 Plant Group (Operating Regions) descriptions changed effective 2021. See Ex. F1-2-1 for details.
- 2 Eastern Region totals reflect energy delivered to Hydro-Québec via R.H. Saunders GS and Chats Falls GS.
- 3 2016-2025 production values are net of SBG spill. 2026-2027 production values are on a pre-spill basis, i.e. there are no deductions made for SBG as per Ex. E1-1-1,

Numbers may not add due to rounding.

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Table 28

Table 28
Comparison of Production Forecast - Regulated Hydroelectric (TWh)

Line No.	Operating Region ¹	2016 Actual	(c)-(a) Change	2017 Actual	(e)-(c) Change	2018 Actual	(g)-(e) Change	2019 Actual	(i)-(g) Change	2020 Actual	(k)-(i) Change	2021 Actual	(m)-(k) Change	2022 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Niagara Region	12.0	(0.8)	11.3	0.7	12.0	0.4	12.4	(0.2)	12.2	0.4	12.5	0.1	12.7
2	Eastern Region ²	14.2	1.9	16.1	(1.3)	14.8	(0.0)	14.8	0.5	15.3	(1.3)	14.0	1.0	15.1
3	Western Region	3.3	0.1	3.4	(0.4)	3.0	0.4	3.3	(0.6)	2.8	(0.4)	2.4	1.0	3.4
4	Total	29.5	1.2	30.7	(0.9)	29.8	0.8	30.5	(0.3)	30.3	(1.3)	29.0	2.1	31.1

Line No.	Operating Region ¹	2022 Actual	(c)-(a) Change	2023 Actual	(g)-(e) Change	2024 Actual	(i)-(g) Change	2025 Actual	(k)-(i) Change	2026 Budget ³	(k)-(i) Change	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
5	Niagara Region	12.7	0.5	13.2	0.6	13.7	(0.5)	13.3	0.7	14.0	(0.2)	13.8
6	Eastern Region	15.1	0.2	15.3	0.2	15.5	(0.8)	14.7	0.1	14.8	0.1	15.0
7	Western Region	3.4	(0.4)	2.9	0.3	3.2	(0.3)	2.9	1.0	3.9	(0.2)	3.7
8	Total	31.1	0.3	31.4	1.1	32.5	(1.6)	30.9	1.8	32.8	(0.3)	32.5

Notes:

- Operating Region descriptions effective 2021 (see Ex. A1-4-2).
- Eastern Region totals reflect energy delivered to Hydro-Québec via R.H. Saunders GS and Chats Falls GS.
- 2016-2025 production values are net of SBG spill. 2026-2027 production values are on a pre-spill basis, i.e. there are no deductions made for SBG as per Ex. E1-1-1, Section 3.1.

Numbers may not add due to rounding.

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 Attachment 1
 Table 29

Table 29
Production Trend - Combined Nuclear (TWh)

Line No.	Prescribed Facility	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OPG Nuclear Facilities												
1	Darlington NGS	23.4	18.5	13.9	14.6	11.7	21.6	21.1	18.7	26.7	25.1	26.8	27.1
2	Pickering NGS	20.5	21.1	21.4	21.5	21.3	16.5	11.4	0.0	0.0	0.0	0.0	1.9
3	Total OPG Nuclear Facilities	43.9	39.6	35.3	36.1	33.0	38.1	32.5	18.7	26.7	25.1	26.8	28.9
4	DNNP Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.9
5	Total	43.9	39.6	35.3	36.1	33.0	38.1	32.5	18.7	26.7	25.1	27.3	30.9

Table 30
 Comparison of Production Forecast - Combined Nuclear

Line No.	Business Unit	2020 OEB Approved ³	(c)-(a) Change	2020 Actual	(g)-(c) Change	2021 OEB Approved ³	(g)-(e) Change	2021 Actual	(k)-(g) Change	2022 OEB Approved	(k)-(i) Change	2022 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Darlington NGS											
1	TWh	17.7	5.7	23.4	(4.9)	16.6	1.9	18.5	(4.6)	13.4	0.5	13.9
2	Unit Capability Factor (%)	79.4	13.7	93.1	(10.4)	90.9	(8.3)	82.7	4.3	85.8	1.2	87.0
3	PO Days ^{1,2}	183.2	(150.2)	33.0	122.5	51.2	104.3	155.5	(110.4)	73.0	(27.9)	45.1
4	Refurb PO Days	366.0	(91.1)	274.9	90.1	565.0	(200.0)	365.0	320.0	685.0	0.0	685.0
5	FEPO Days	0.0	1.3	1.3	(1.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	FLR (%)	4.2	(2.6)	1.5	2.0	3.0	0.5	3.5	4.0	2.1	5.4	7.5
7	FLR Days Equivalent	38.1	(20.4)	17.7	15.3	25.0	8.1	33.0	22.0	14.4	40.6	55.0
	Pickering NGS											
8	TWh	19.6	0.9	20.5	0.6	18.8	2.3	21.1	0.3	19.8	1.6	21.4
9	Unit Capability Factor (%)	73.4	2.8	76.3	2.7	70.6	8.3	78.9	1.1	74.1	5.9	80.0
10	PO Days ²	498.9	(48.9)	450.0	(114.6)	562.8	(227.3)	335.5	58.3	487.2	(93.4)	393.8
11	Refurb PO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	FEPO Days	0.0	13.0	13.0	(13.0)	0.0	0.0	0.0	1.1	0.0	1.1	1.1
13	FLR (%)	5.0	(2.3)	2.7	3.6	5.0	1.2	6.2	(4.4)	3.5	(1.7)	1.8
14	FLR Days Equivalent	84.9	(39.2)	45.6	69.1	81.4	33.4	114.7	(82.4)	58.9	(26.5)	32.3
	OPG Nuclear Facilities Totals											
15	Unit Capability Factor (%)	76.2	8.3	84.5	(3.8)	79.0	1.6	80.7	2.0	78.5	4.2	82.7
16	PO Days ^{1,2}	682.1	(199.1)	483.0	7.9	614.0	(123.1)	491.0	(52.1)	560.2	(121.3)	438.9
17	FEPO Days	0.0	14.3	14.3	(14.3)	0.0	0.0	0.0	1.1	0.0	1.1	1.1
18	FLR (%)	4.6	(2.5)	2.1	2.9	4.0	0.9	5.0	(0.8)	2.9	1.3	4.2
19	FLR Days Equivalent	122.9	(59.6)	63.3	84.4	106.3	41.4	147.7	(60.4)	73.2	14.1	87.3
20	TWh before Adjustments	37.4	6.6	43.9	(4.3)	35.4	4.2	39.6	(4.3)	33.2	2.1	35.3
21	OEB/Settlement Adjustments ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	(0.4)	0.0
22	TWh including Adjustments	37.4	6.6	43.9	(4.3)	35.4	4.2	39.6	(4.3)	33.6	1.7	35.3
	DNNP Facilities											
23	TWh	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24	Unit Capability Factor (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	PO Days ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	FLR (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	FLR Days Equivalent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Total TWh Including Adjustments	37.4	6.6	43.9	(4.3)	35.4	4.2	39.6	(4.3)	33.6	1.7	35.3

Line No.	Business Unit	2022 Actual	(e)-(a) Change	2023 OEB Approved	(e)-(c) Change	2023 Actual	(i)-(e) Change	2024 OEB Approved	(i)-(g) Change	2024 Actual	(k)-(i) Change	2025 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Darlington NGS											
30	TWh	13.9	0.7	9.6	5.0	14.6	(3.0)	12.0	(0.3)	11.7	10.0	21.6
31	Unit Capability Factor (%)	87.0	10.0	78.1	18.9	97.0	(22.4)	81.8	(7.2)	74.6	21.1	95.7
32	PO Days ^{1,2}	45.1	(45.1)	112.2	(112.2)	0.0	99.0	55.0	44.0	99.0	(76.1)	22.9
33	Refurb PO Days	685.0	45.0	838.0	(108.0)	730.0	(32.0)	733.0	(35.0)	698.0	(333.0)	365.0
34	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	FLR (%)	7.5	(6.1)	1.2	0.2	1.4	10.6	6.0	6.1	12.1	(10.1)	2.0
36	FLR Days Equivalent	55.0	(44.5)	5.9	4.6	10.5	69.3	38.0	41.8	79.8	(58.3)	21.5
	Pickering NGS											
37	TWh	21.4	0.1	21.2	0.3	21.5	(0.2)	21.4	(0.1)	21.3	(4.8)	16.5
38	Unit Capability Factor (%)	80.0	0.6	79.4	1.3	80.7	2.6	83.3	(0.0)	83.3	8.2	91.5
39	PO Days ²	393.8	(38.2)	371.1	(15.5)	355.6	(72.6)	270.2	12.8	283.0	(203.1)	79.9
40	Refurb PO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
41	FEPO Days	1.1	0.9	0.0	2.0	2.0	(2.0)	0.0	0.0	0.0	0.0	0.0
42	FLR (%)	1.8	1.0	3.5	(0.7)	2.8	(0.2)	3.5	(0.9)	2.6	0.4	3.0
43	FLR Days Equivalent	32.3	18.1	63.1	(12.6)	50.5	(4.4)	66.8	(20.7)	46.1	(5.3)	40.8
	OPG Nuclear Facilities Totals											
44	Unit Capability Factor (%)	82.7	4.0	79.0	7.7	86.7	(6.8)	82.8	(2.9)	79.9	14.0	93.9
45	PO Days ^{1,2}	438.9	(83.3)	483.3	(127.7)	355.6	26.4	325.2	56.8	382.0	(279.2)	102.8
46	FEPO Days	1.1	0.9	0.0	2.0	2.0	(2.0)	0.0	0.0	0.0	0.0	0.0
47	FLR (%)	4.2	(1.9)	2.8	(0.6)	2.2	4.0	4.4	1.8	6.3	(3.8)	2.4
48	FLR Days Equivalent	87.3	(26.4)	69.0	(8.0)	61.0	64.9	104.8	21.1	125.9	(63.6)	62.3
49	TWh before Adjustments	35.3	0.8	30.8	5.3	36.1	(3.1)	33.4	(0.4)	33.0	5.1	38.1
50	OEB/Settlement Adjustment ⁴	0.0	0.0	0.4	(0.4)	0.0	0.0	0.7	(0.7)	0.0	0.0	0.0
51	TWh including Adjustments	35.3	0.8	31.2	4.9	36.1	(3.1)	34.1	(1.1)	33.0	5.1	38.1
	DNNP Facilities											
52	TWh	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
53	Unit Capability Factor (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
54	PO Days ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
55	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
56	FLR (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
57	FLR Days Equivalent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
58	Total TWh Including Adjustments	35.3	0.8	31.2	4.9	36.1	(3.1)	34.0	(1.1)	33.0	5.1	38.1

Notes:

- PO days excludes planned outage days for units out of service during refurbishment.
- PO days excludes planned outage equivalent days for planned derating of units or staggered unit shutdown.
- OEB Approved amounts are per EB-2016-0152, Ex. E2-1-2, Table 1, and approved in the Decision and Order, pp. 11-13.
- Production Settlement Adjustment Amounts per OPG Settlement Proposal, Filed 20210716, Table 17 - 2022-2026 Settled Production Forecast (TWh), p. 25.

Table 31
Comparison of Production Forecast - Combined Nuclear

Line No.	Business Unit	2025 OEB Approved	(c)-(a) Change	2025 Actual	(g)-(c) Change	2026 OEB Approved	(g)-(e) Change	2026 Budget	(i)-(g) Change	2027 Plan	(k)-(i) Change	2028 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	Darlington NGS											
1	TWh	13.5	8.1	21.6	(0.5)	21.5	(0.4)	21.1	(2.4)	18.7	8.0	26.7
2	Unit Capability Factor (%)	68.2	27.5	95.7	(19.7)	89.4	(13.4)	76.0	(13.1)	62.9	25.7	88.6
3	PO Days ¹	268.0	(245.1)	22.9	263.8	59.1	227.6	286.7	226.0	512.7	(371.2)	141.5
4	Refurb PO Days	472.0	(107.0)	365.0	(260.0)	288.0	(183.0)	105.0	(105.0)	0.0	0.0	0.0
5	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	FLR (%)	6.4	(4.4)	2.0	1.5	4.3	(0.7)	3.5	(0.6)	2.9	(0.7)	2.2
7	FLR Days Equivalent	46.2	(24.7)	21.5	16.2	46.8	(9.1)	37.7	(10.4)	27.3	1.5	28.9
	Pickering NGS											
8	TWh	16.6	(0.2)	16.5	(5.1)	0.0	11.4	11.4	(11.4)	0.0	0.0	0.0
9	Unit Capability Factor (%)	93.2	(1.7)	91.5	(4.4)	0.0	87.1	87.1	(87.1)	0.0	0.0	0.0
10	PO Days ²	35.0	44.9	79.9	30.9	0.0	110.8	110.8	(110.8)	0.0	0.0	0.0
11	Refurb PO Days	0.0	0.0	0.0	368.0	0.0	368.0	368.0	1,092.0	1,460.0	4.0	1,464.0
12	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	FLR (%)	3.5	(0.5)	3.0	0.5	0.0	3.5	3.5	(3.5)	0.0	0.0	0.0
14	FLR Days Equivalent	49.4	(8.6)	40.8	(6.5)	0.0	34.3	34.3	(34.3)	0.0	0.0	0.0
	OPG Nuclear Facilities Totals											
15	Unit Capability Factor (%)	79.7	14.1	93.9	(14.4)	89.4	(9.9)	79.5	(16.6)	62.9	25.7	88.6
16	PO Days ^{1,2}	303.0	(200.2)	102.8	294.7	59.1	338.4	397.5	115.2	512.7	(371.2)	141.5
17	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	FLR (%)	5.0	(2.5)	2.4	1.1	4.3	(0.8)	3.5	(0.6)	2.9	(0.7)	2.2
19	FLR Days Equivalent	95.6	(33.3)	62.3	9.7	46.8	25.2	72.0	(44.7)	27.3	1.5	28.9
20	TWh before Adjustments	30.2	7.9	38.1	(5.6)	21.5	10.9	32.5	(13.8)	18.7	8.0	26.7
21	OEB/Settlement Adjustments ³	0.9	(0.9)	0.0	0.0	0.4	(0.4)	0.0	0.0	0.0	0.0	0.0
22	TWh including Adjustments	31.1	7.0	38.1	(5.6)	21.9	10.5	32.5	(13.8)	18.7	8.0	26.7
	DNNP Facilities											
23	TWh	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24	Unit Capability Factor (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	PO Days ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	FLR (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28	FLR Days Equivalent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Total TWh including Adjustments	31.1	7.0	38.1	(5.6)	21.9	10.5	32.5	(13.8)	18.7	8.0	26.7

Line No.	Business Unit	2028 Plan	(c)-(a) Change	2029 Plan	(e)-(c) Change	2030 Plan	(g)-(e) Change	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Darlington NGS							
30	TWh	26.7	(1.6)	25.1	1.8	26.8	0.3	27.1
31	Unit Capability Factor (%)	88.6	(5.1)	83.5	5.1	88.6	0.1	88.7
32	PO Days ¹	141.5	72.7	214.1	(74.9)	139.2	0.0	139.2
33	Refurb PO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	FLR (%)	2.2	(0.2)	2.0	(0.0)	2.0	0.0	2.0
36	FLR Days Equivalent	28.9	(4.0)	24.9	1.5	26.4	0.0	26.4
	Pickering NGS							
37	TWh	0.0	0.0	0.0	0.0	0.0	1.9	1.9
38	Unit Capability Factor (%)	0.0	0.0	0.0	0.0	0.0	67.0	67.0
39	PO Days ²	0.0	0.0	0.0	0.0	0.0	55.0	55.0
40	Refurb PO Days	1,464.0	(4.0)	1,460.0	0.0	1,460.0	(230.0)	1,230.0
41	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42	FLR (%)	0.0	0.0	0.0	0.0	0.0	12.0	12.0
43	FLR Days Equivalent	0.0	0.0	0.0	0.0	0.0	21.0	21.0
	OPG Nuclear Facilities Totals							
44	Unit Capability Factor (%)	88.6	(5.1)	83.5	5.1	88.6	(2.8)	85.8
45	PO Days ^{1,2}	141.5	72.7	214.1	(74.9)	139.2	55.0	194.2
46	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
47	FLR (%)	2.2	(0.2)	2.0	0.2	2.2	1.2	3.4
48	FLR Days Equivalent	28.9	(4.0)	24.9	1.5	26.4	21.0	47.4
49	TWh	26.7	(1.6)	25.1	1.8	26.8	2.1	28.9
	DNNP Facilities							
50	TWh	0.0	0.0	0.0	0.5	0.5	1.4	1.9
51	Unit Capability Factor (%)	0.0	0.0	0.0	88.0	88.0	(15.3)	72.7
52	PO Days	0.0	0.0	0.0	0.0	0.0	64.9	64.9
53	FEPO Days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
54	FLR (%)	0.0	0.0	0.0	12.0	12.0	(0.6)	11.4
55	FLR Days Equivalent	0.0	0.0	0.0	9.1	9.1	25.2	34.3
56	Total TWh including Adjustments	26.7	(1.6)	25.1	2.3	27.3	3.6	30.9

Notes:

- PO days excludes planned outage days for units out of service during refurbishment.
- PO days includes staggered shutdown days in 2026.
- Production Settlement Adjustment Amounts per OPG Settlement Proposal, Filed 20210716, Table 17 - 2022-2026 Settled Production Forecast (TWh), p. 25.

Numbers may not add due to rounding.

Filed: 2026-04-24
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Table 32

Table 32
Operating Costs Summary - Regulated Hydroelectric (\$M)

Line No.	Cost Item	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OM&A:												
1	Base OM&A	205.8	208.1	205.6	203.4	204.5	205.4	215.5	236.5	251.2	256.0	274.2	286.2
2	Project OM&A	39.0	42.3	53.8	54.3	53.6	81.1	74.1	75.3	69.7	72.6	90.5	127.0
3	Allocation of Corporate Costs	51.0	48.4	47.1	47.1	38.4	38.7	39.9	45.3	50.0	49.6	54.0	55.3
4	Allocation of Centrally Held Costs	44.6	26.2	29.2	24.1	15.9	28.8	8.0	(12.0)	12.6	9.2	(0.7)	5.6
5	Asset Service Fee	6.8	7.5	7.1	9.1	8.6	10.6	13.7	15.0	16.0	18.8	21.5	25.2
6	Total OM&A	347.2	332.5	342.8	338.1	321.1	364.6	351.1	360.0	399.5	406.1	439.4	499.3
7	Gross Revenue Charge	312.7	319.7	319.2	324.5	323.4	315.7	330.3	336.7	348.6	333.8	354.3	352.2
	Other Operating Cost Items:												
8	Depreciation and Amortization	145.2	140.2	145.9	147.3	148.1	153.4	162.7	173.1	174.1	193.5	194.8	215.4
9	Income Tax	17.4	10.3	87.7	77.5	93.0	87.9	103.8	60.2	(3.3)	79.4	(3.3)	27.3
10	Property Tax	0.9	0.9	0.9	1.0	1.1	1.1	1.0	1.1	1.1	0.9	1.0	2.1
11	Total Operating Costs	823.4	803.6	896.6	888.5	886.7	922.6	948.8	931.0	920.0	1,013.7	986.2	1,096.3

Numbers may not add due to rounding.

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Table 33

Table 33
Regulated Hydroelectric Staff Summary - Regular and Non-Regular (FTEs)¹ - 2020-2031

Line No.	Group	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Regulated Hydroelectric Capital:												
1	Regular Staff	186.0	203.2	194.7	202.0	244.4	305.4	362.6	374.6	380.5	379.8	369.6	364.2
	Non-Regular Staff												
2	Temporary	6.1	7.3	7.8	13.6	13.5	11.5	64.8	72.9	73.9	79.3	77.9	77.8
3	Total Regulated Hydroelectric Capital	192.1	210.5	202.5	215.6	258.0	316.9	427.4	447.5	454.4	459.1	447.5	442.0
	Regulated Hydroelectric OM&A:												
4	Regular Staff	855.0	822.0	831.1	840.4	908.8	937.0	1027.0	1028.3	1018.7	1020.8	1037.5	1041.7
	Non-Regular Staff												
5	Temporary	44.2	60.4	74.4	91.4	69.8	76.0	48.1	45.7	50.3	51.9	44.0	41.9
6	Total Regulated Hydroelectric OM&A	899.2	882.4	905.5	931.8	978.6	1,013.0	1,075.0	1,074.0	1,069.0	1,072.7	1,081.5	1,083.6
7	Total Regulated Hydroelectric	1,091.4	1,093.0	1,108.0	1,147.4	1,236.6	1,329.9	1,502.4	1,521.5	1,523.4	1,531.8	1,529.0	1,525.6

Notes:

- Staff FTEs include staff deployed on Base OM&A, Project OM&A, and capital projects.

Numbers may not add due to rounding.

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Table 34

Table 34
Base OM&A - Regulated Hydroelectric (\$M)

Line No.	Item	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Operating Region^{1,2}:												
1	Niagara Region	n/a	n/a	n/a	n/a	44.5	44.6	47.4	52.6	56.1	56.8	58.7	61.1
2	Eastern Region	n/a	n/a	n/a	n/a	78.7	78.2	83.0	91.3	97.5	99.2	107.9	111.6
3	Western Region	n/a	n/a	n/a	n/a	26.7	29.1	30.0	34.0	35.5	34.6	39.4	40.4
4	Total Operating Regions	156.0	156.1	150.7	148.8	149.9	151.9	160.4	177.9	189.1	190.6	206.0	213.2
	Operations and Project Support												
5	Enterprise Engineering	26.9	28.6	30.5	31.3	29.6	27.7	30.3	28.3	29.0	30.0	31.9	33.7
6	Integrated Fleet Management	6.4	7.0	5.0	5.1	5.1	4.7	4.5	8.2	8.0	10.9	8.7	9.9
7	Environment, Health & Safety	4.3	3.9	3.8	3.7	4.6	5.3	4.6	4.4	5.1	5.3	5.4	6.3
8	Enterprise Projects	2.2	2.2	2.4	1.5	1.7	2.0	2.1	3.1	2.9	2.8	3.5	2.9
9	Other Support	10.0	10.3	13.2	13.0	13.7	13.9	13.6	14.6	17.1	16.5	18.7	20.4
10	Total Operations and Project Support	49.8	52.0	54.9	54.6	54.6	53.5	55.0	58.6	62.1	65.4	68.1	73.1
11	Total Base OM&A	205.8	208.1	205.6	203.4	204.5	205.4	215.5	236.5	251.2	256.0	274.2	286.2

Notes:

- Operating Region descriptions effective 2021 (see Ex. A1-4-2).
- Consistent with OPG's letter dated June 11, 2024 issued in EB-2024-0136, data is provided at the regulated hydroelectric level for 2016-2019.

Numbers may not add due to rounding.

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Table 35

Table 35
Base OM&A - Regulated Hydroelectric (\$M)

Line No.	Resource Type	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2027 Percentage ¹
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Labour	147.7	146.6	146.5	143.5	146.7	142.5	146.4	157.8	169.9	173.2	201.5	208.3	72.8%
2	Non-Regular Labour ²	3.6	4.3	4.5	4.0	4.6	5.6	7.3	9.4	7.6	8.6	5.0	5.3	1.8%
3	Overtime	6.6	8.7	9.3	9.9	8.3	10.4	12.3	13.8	15.2	15.2	13.5	13.9	4.9%
4	Augmented Staff	0.9	1.5	1.0	0.6	0.3	0.5	0.4	0.4	0.4	0.2	0.0	0.1	0.0%
5	Materials	14.8	15.3	15.3	15.0	16.4	16.7	18.8	17.5	19.9	20.2	19.8	20.8	7.3%
6	Other Purchased Services	23.1	24.4	19.9	21.6	20.9	24.3	26.2	31.1	32.0	32.6	27.8	31.1	10.9%
7	Other	9.1	7.3	9.1	9.0	7.4	5.6	4.3	6.6	6.2	6.1	6.6	6.8	2.4%
8	Total Base OM&A	205.8	208.0	205.6	203.5	204.5	205.4	215.5	236.5	251.2	256.0	274.2	286.3	100.0%

Notes:

- 1 2027 Percentage = 2027 Resource Costs divided by 2027 Base OM&A.
- 2 Non-Regular Labour includes costs for temporary staff.

Numbers may not add due to rounding.

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Table 36

Table 36
Project OM&A Summary - Regulated Hydroelectric (\$M)

Line No.	Business Unit ¹	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Portfolio Projects (Allocated)												
1	Niagara Region	11.9	6.5	6.1	7.4	7.7	5.0	3.9	11.7	6.5	5.1	3.6	3.3
2	Eastern Region	16.5	24.3	34.6	34.7	26.7	47.9	58.1	51.4	43.8	42.8	35.2	18.0
3	Western Region ²	9.3	7.3	2.9	1.7	2.9	14.8	4.1	2.0	2.7	1.9	2.9	0.7
4	Subtotal Portfolio Projects (Allocated)	37.7	38.1	43.6	43.8	37.3	67.7	66.1	65.1	53.0	49.7	41.7	21.9
5	Infrastructure^{3,4}	0.7	4.1	10.1	10.5	15.5	13.4	7.9	10.0	14.9	15.9	22.1	32.7
	Portfolio Projects (Unallocated)												
6	Niagara Region ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	2.4	13.5
7	Eastern Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	19.3	47.9
8	Western Region	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.3	7.4
9	Subtotal Portfolio Projects (Unallocated)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	22.9	68.8
10	Small Hydro Redevelopment^{4,5}	0.7	0.1	0.0	0.1	0.8	0.0	0.1	0.2	1.8	0.7	3.8	3.7
11	Total	39.0	42.3	53.8	54.3	53.6	81.1	74.1	75.3	69.7	72.6	90.5	127.0

Notes:

- 1 Operating Region descriptions effective 2021 (see Ex. A1-4-2).
- 2 Western Region 2021 total includes recognition of a provision of \$9.5M in connection with a Final Settlement Agreement with a First Nation to perform remediation work to address shoreline erosion impacts related to work performed by the Hydro-Electric Power Commission of Ontario (Ontario Hydro) at Lake Nipigon in 1925.
- 3 Reflects all removal costs regardless of related capital project CRVA eligibility.
- 4 2027 amounts include \$25.3M of non-capital costs related to CRVA-eligible projects.
- 5 Conceptual work to assess the viability of proposed regulated hydroelectric redevelopment projects. See F1-3-1, Section 3.2.

Numbers may not add due to rounding.

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Exhibit L

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Attachment 1

Table 37

Table 37

Gross Revenue Charge - Regulated Hydroelectric (\$M)

Line No.	Operating Region ^{1,2}	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Niagara Region	n/a	n/a	n/a	n/a	156.4	162.7	163.1	172.0	180.4
2	Eastern Region	n/a	n/a	n/a	n/a	151.4	140.1	148.9	148.9	150.6
3	Western Region	n/a	n/a	n/a	n/a	15.7	12.9	18.3	15.9	17.7
4	Total	312.7	319.7	319.2	324.5	323.4	315.7	330.3	336.7	348.6
5	NYPA Water Transactions ²	0.6	0.3	(0.6)	(0.5)	0.1	0.0	0.2	0.8	1.9

Line No.	Operating Region ^{1,2}	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)
6	Niagara Region	173.6	184.8	182.8
7	Eastern Region	143.8	147.2	148.1
8	Western Region	16.4	22.3	21.3
9	Total	333.8	354.3	352.2

10	NYPA Water Transactions ²	0.0	1.1	2.2

1 Operating Region descriptions effective 2021 (see Ex. A1-4-2).

2 Consistent with OPG's letter dated June 11, 2024 issued in EB-2024-0136, data is provided at the regulated hydroelectric level for 2016-2019.

3 GRC amounts associated with NYPA Water Transactions are not included in the totals presented above.

Numbers may not add due to rounding.

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Table 38

Table 38
Operating Costs Summary - OPG Nuclear Facilities (\$M)

Line No.	Cost Item	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OM&A:												
1	OPG Nuclear Facilities Base OM&A	1,313.9	1,316.0	1,305.7	1,418.9	1,433.5	1,250.3	1,210.2	840.4	850.7	898.4	916.8	1,225.4
2	OPG Nuclear Facilities Project OM&A	99.5	111.6	89.5	141.1	107.9	63.1	73.3	76.1	82.4	84.0	84.8	83.2
3	OPG Nuclear Facilities Outage OM&A	293.9	382.8	265.0	318.1	358.1	141.1	209.4	223.7	112.7	219.1	121.6	142.2
4	Pickering Cyclical Maintenance OM&A	0.0	0.0	0.0	0.0	0.0	0.0	25.0	168.4	160.9	168.9	169.9	106.6
5	Subtotal OPG Nuclear Facilities OM&A	1,707.3	1,810.4	1,660.2	1,878.1	1,899.5	1,454.5	1,517.8	1,308.6	1,206.7	1,370.4	1,293.2	1,557.4
6	Darlington Refurbishment OM&A	19.0	35.6	22.3	39.0	59.7	10.9	1.5	0.0	0.0	0.0	0.0	0.0
7	Darlington New Nuclear OM&A ^{1,3}	13.1	95.4	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	DNNP Operational Readiness	0.0	0.0	0.0	1.1	2.3	13.4	0.0	0.0	0.0	0.0	0.0	0.0
9	Other New Nuclear OM&A ^{2,3}	0.0	0.0	0.0	7.6	15.1	39.4	136.4	0.0	0.0	0.0	0.0	0.0
10	Pickering Refurbishment Feasibility Study ³	0.0	0.0	0.2	17.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Pickering Refurbishment OM&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.3	94.1	84.9	52.7	46.5
12	Allocation of Corporate Costs	352.7	359.7	366.2	406.3	400.8	407.7	416.1	417.5	412.1	432.7	444.7	471.6
13	Allocation of Centrally Held Costs	215.0	209.3	76.3	(18.5)	104.7	55.6	(47.2)	(35.4)	(30.8)	(60.1)	(33.3)	(21.6)
14	Asset Service Fees	55.6	65.0	71.1	74.3	77.1	85.4	93.3	72.7	73.9	89.5	99.0	99.4
15	Subtotal Other OM&A	655.3	765.1	538.5	527.6	659.8	612.3	600.0	555.1	549.3	547.0	563.1	596.0
16	Total OPG Nuclear Facilities OM&A	2,362.6	2,575.5	2,198.7	2,405.7	2,559.3	2,066.8	2,117.9	1,863.7	1,756.0	1,917.4	1,856.3	2,153.5
17	OPG Nuclear Facilities Fuel Costs	234.9	232.0	222.5	218.4	211.8	258.6	239.2	150.9	221.7	223.6	261.2	306.1
	Other Operating Cost Items:												
18	Depreciation and Amortization	448.6	504.8	626.6	685.6	753.7	546.9	617.7	663.3	708.5	730.3	779.8	992.6
19	Income Tax	158.6	(20.2)	81.0	83.5	(59.9)	237.9	(36.9)	(16.6)	(16.6)	(16.6)	(16.6)	(16.6)
20	Property Tax	11.1	11.6	11.8	12.1	12.6	14.6	13.5	14.0	14.2	14.5	14.8	15.0
21	Total OPG Nuclear Facilities Operating Costs	3,215.8	3,303.7	3,140.6	3,405.4	3,477.5	3,124.9	2,951.3	2,675.2	2,683.8	2,869.1	2,895.5	3,450.6

Notes:

- For amounts in 2020 to 2022 refer to EB-2023-0336, Ex. H1-1-1, Table 20, line 2.
- Actual and budget amounts in the Other New Nuclear OM&A category primarily relate to impact assessment preparation for potential new nuclear generation at OPG strategic sites. No amounts related to new nuclear generation projects is included in the revenue requirement for OPG's nuclear facilities.
- Refer to Ex. F2-1-1, Section 5.0.

Numbers may not add due to rounding.

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Table 39

Table 39
Staff Summary - Regular and Non-Regular (FTEs) - OPG Nuclear Facilities.

Line No.	Group	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OPG Nuclear Facilities OM&A:												
1	Regular Staff	4,379.4	4,038.8	3,652.6	3,793.0	4,096.2	3,952.2	3,967.1	3,141.6	3,126.3	3,144.7	3,147.0	3,761.6
	Non-Regular Staff												
2	Term and Extended Temporary	584.7	766.7	887.0	927.0	599.2	237.8	174.7	0.0	0.0	0.0	0.0	0.0
3	Temporary	766.7	812.6	577.6	582.7	525.5	391.4	322.4	162.7	143.5	197.3	148.2	150.0
4	EPSCA	76.7	94.2	99.3	88.2	100.0	50.8	25.4	22.0	21.6	21.6	21.0	20.0
5	Total Non-Regular Staff	1,428.1	1,673.5	1,563.9	1,597.9	1,224.7	680.1	522.6	184.7	165.1	218.9	169.2	170.0
6	Subtotal OPG Nuclear Facilities OM&A	5,807.5	5,712.3	5,216.5	5,390.9	5,320.9	4,632.4	4,489.7	3,326.3	3,291.4	3,363.5	3,316.1	3,931.6
	OPG Nuclear Facilities Capital:												
7	Regular Staff	221.8	179.3	190.9	202.0	249.7	302.5	440.7	469.0	459.8	459.6	472.0	477.4
	Non-Regular Staff												
8	Term and Extended Temporary	5.2	11.7	20.0	25.7	25.1	10.2	17.0	0.0	0.0	0.0	0.0	0.0
9	Temporary	51.1	32.0	18.8	2.0	7.0	33.8	94.1	59.0	57.5	40.2	38.5	35.5
10	EPSCA	26.0	32.7	45.5	47.1	42.6	38.4	28.2	22.4	17.8	7.8	7.0	7.0
11	Total Non-Regular Staff	82.2	76.4	84.3	74.7	74.7	82.4	139.3	81.4	75.3	48.0	45.5	42.5
12	Subtotal OPG Nuclear Facilities Capital	304.0	255.6	275.2	276.7	324.3	384.9	580.0	550.4	535.2	507.5	517.5	519.9
	Darlington Refurbishment Program:												
13	Regular Staff	432.5	394.0	404.0	446.7	499.9	440.0	55.8	0.0	0.0	0.0	0.0	0.0
	Non-Regular Staff												
14	Term and Extended Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Temporary	117.0	83.3	69.7	67.2	69.2	41.7	21.6	0.0	0.0	0.0	0.0	0.0
16	EPSCA	128.6	224.2	252.2	295.1	271.1	221.0	29.3	0.0	0.0	0.0	0.0	0.0
17	Total Non-Regular Staff	245.6	307.4	321.9	362.3	340.4	262.8	50.9	0.0	0.0	0.0	0.0	0.0
18	Subtotal Darlington Refurbishment	678.2	701.5	725.9	809.0	840.3	702.8	106.7	0.0	0.0	0.0	0.0	0.0
	Pickering Refurbishment Program:												
19	Regular Staff	0.0	0.0	0.0	7.6	159.5	455.6	1,177.1	2,258.9	2,281.1	2,306.0	2,265.0	1,623.7
	Non-Regular Staff												
20	Term and Extended Temporary	0.0	0.0	0.0	0.0	0.8	7.0	21.3	7.0	7.0	7.0	20.0	20.0
21	Temporary	0.0	0.0	0.0	0.1	10.3	31.5	128.5	29.0	13.0	13.0	20.0	20.0
22	EPSCA	0.0	0.0	0.0	0.1	3.2	21.2	109.7	350.2	473.4	419.0	335.0	252.9
23	Total Non-Regular Staff	0.0	0.0	0.0	0.1	14.3	59.7	259.4	386.2	493.4	439.0	355.0	272.9
24	Subtotal Pickering Refurbishment Program	0.0	0.0	0.0	7.8	173.8	515.3	1,436.5	2,645.1	2,774.4	2,745.0	2,620.0	1,896.6
	DNNP Facilities Capital:												
25	Regular Staff	0.0	0.0	73.9	107.0	139.7	139.3	0.0	0.0	0.0	0.0	0.0	0.0
	Non-Regular Staff												
26	Term and Extended Temporary	0.0	0.0	5.4	9.1	10.4	10.2	0.0	0.0	0.0	0.0	0.0	0.0
27	Temporary	0.0	0.0	0.0	0.2	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0
28	EPSCA	0.0	0.0	5.4	9.3	10.4	10.5	0.0	0.0	0.0	0.0	0.0	0.0
29	Total Non-Regular Staff	0.0	0.0	79.3	116.3	150.1	149.8	0.0	0.0	0.0	0.0	0.0	0.0
30	Subtotal DNNP Facilities Capital	0.0	0.0	79.3	116.3	150.1	149.8	0.0	0.0	0.0	0.0	0.0	0.0
	Darlington & Other New Nuclear OM&A:												
31	Regular Staff	5.9	44.3	4.8	21.9	27.2	35.9	95.1	0.0	0.0	0.0	0.0	0.0
	Non-Regular Staff												
32	Term and Extended Temporary	0.6	2.0	2.6	0.6	1.3	3.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Temporary	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34	EPSCA	0.6	2.2	2.7	0.6	1.3	3.0	0.0	0.0	0.0	0.0	0.0	0.0
35	Total Non-Regular Staff	0.6	2.2	2.7	0.6	1.3	3.0	0.0	0.0	0.0	0.0	0.0	0.0
36	Subtotal Darlington & Other New Nuclear	6.5	46.5	7.5	22.5	28.5	38.9	95.1	0.0	0.0	0.0	0.0	0.0
	Nuclear Provision:												
37	Regular Staff	332.4	344.0	359.6	400.5	537.9	830.3	794.7	725.1	696.9	603.9	609.0	610.7
	Non-Regular Staff												
38	Term and Extended Temporary	8.3	16.1	20.2	33.0	31.1	21.0	2.3	0.0	0.0	0.0	0.0	0.0
39	Temporary	45.7	51.3	49.6	48.7	48.1	63.6	42.2	31.0	29.3	24.0	24.0	24.0
40	EPSCA	3.0	4.4	4.1	4.0	10.2	45.6	2.3	2.3	2.2	2.0	2.0	2.0
41	Total Non-Regular Staff	57.0	71.9	73.9	85.6	89.4	130.2	46.7	33.3	31.5	26.0	26.0	26.0
42	Subtotal Nuclear Provision	389.4	416.0	433.4	486.1	627.3	960.5	841.5	758.4	728.4	629.9	635.0	636.7
	OPG Nuclear Non-Energy Direct:												
43	Regular Staff	17.7	20.3	45.1	41.8	40.1	45.7	35.9	39.0	39.0	39.0	39.0	39.0
	Non-Regular Staff												
44	Term and Extended Temporary	0.7	0.4	0.9	2.9	1.2	0.6	0.0	0.0	0.0	0.0	0.0	0.0
45	Temporary	1.1	0.8	0.6	1.9	0.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0
46	EPSCA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
47	Total Non-Regular Staff	1.8	1.2	1.5	4.8	2.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0
48	Subtotal OPG Nuclear Non-Energy Direct	19.5	21.5	46.6	46.6	42.1	46.9	35.9	39.0	39.0	39.0	39.0	39.0
49	Total OPG Nuclear Facilities	7,205.1	7,153.4	6,784.4	7,155.9	7,507.3	7,431.3	7,585.4	7,319.2	7,368.4	7,284.9	7,127.7	7,023.8

Numbers may not add due to rounding.

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Table 40

Table 40
Base OM&A - OPG Nuclear Facilities (\$M)

Line No.	Function	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OPG Nuclear Facilities¹												
1	Darlington NGS	324.5	334.9	337.6	340.3	361.4	360.5	373.3	409.0	405.9	432.3	437.4	447.6
2	Pickering NGS	459.4	460.3	450.0	521.3	468.8	361.2	305.7	8.1	15.5	22.3	24.6	255.6
3	Total OPG Nuclear Facilities	783.9	795.2	787.7	861.6	830.2	721.6	679.0	417.1	421.4	454.5	462.1	703.3
	Operations and Project Support^{1,2}												
4	Enterprise Engineering	217.2	209.3	215.7	242.5	253.0	224.9	217.8	164.0	164.8	173.9	177.0	217.6
5	Integrated Fleet Management	188.2	178.9	173.6	188.5	221.9	195.1	200.3	165.8	169.5	176.1	183.1	205.2
6	Environment, Health & Safety	18.0	21.9	16.0	13.9	13.5	12.1	14.3	14.0	14.3	13.7	14.6	15.6
7	Enterprise Projects	15.5	16.9	17.7	16.1	16.4	7.6	9.5	6.4	6.9	6.5	6.4	7.0
8	Other Support	68.7	72.1	67.4	81.5	84.1	79.3	79.6	69.5	70.3	71.2	70.9	72.7
9	Low and Intermediate Level Waste	6.9	6.7	16.3	12.3	11.5	9.2	9.7	3.6	3.4	2.6	2.7	4.1
10	Total Operations and Project Support	514.4	505.8	506.6	554.8	600.4	528.2	531.2	423.3	429.2	443.9	454.7	522.2
	CRVA Eligible Costs												
11	Fuel Channel Life Extension Project	7.8	8.7	9.7	1.1	(0.1)	0.3	0.0	0.0	0.0	0.0	0.0	0.0
12	Pickering Extended Operations	7.2	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Optimization of Pickering Shutdown	0.5	0.9	1.7	1.4	3.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
14	Total CRVA Eligible Costs	15.6	15.0	11.4	2.5	2.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0
15	Total Base OM&A	1,313.9	1,316.0	1,305.7	1,418.9	1,433.5	1,250.3	1,210.2	840.4	850.7	898.4	916.8	1,225.4

Notes:

- The figures presented here for 2020 Actuals have been restated for Nuclear organizational changes and transfers from Corporate Support ((See Ex. A1-4-1 Attachment 2 and Ex. F2-2-1, Attachment 1).
- Operations and Project Support has been allocated between Darlington NGS and Pickering NGS:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Darlington NGS	235.4	241.7	229.9	241.2	278.9	271.1	282.6	299.2	303.9	312.8	313.4	318.1
Pickering NGS	279.0	264.0	276.7	313.6	321.5	257.2	248.6	124.1	125.3	131.1	141.3	204.0

Numbers may not add due to rounding.

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Table 41

Table 41
Base OM&A - OPG Nuclear Facilities (\$M)¹

Line No.	Resource Type	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan	IR Term Percentage ²
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Labour	791.1	756.9	708.8	785.3	834.6	788.3	805.3	570.0	587.9	628.9	638.9	860.1	69.4%
2	Non-Regular Labour ³	126.1	140.5	153.0	175.9	135.9	72.2	44.5	10.1	9.3	9.8	9.9	10.4	1.0%
3	Overtime	70.4	70.4	79.1	84.3	89.6	70.5	54.5	36.4	37.9	39.0	40.5	61.6	4.6%
4	Augmented Staff	13.5	13.2	9.8	9.2	8.2	8.1	0.6	1.5	1.3	1.3	1.3	1.3	0.1%
5	Materials	105.6	101.5	106.4	110.2	114.5	102.7	82.7	53.9	52.4	55.0	56.6	85.9	6.4%
6	License Fees	31.6	34.4	33.4	37.1	40.7	33.9	35.7	23.7	24.1	24.6	25.1	30.9	2.7%
7	Other Purchased Services	130.2	151.1	159.6	143.4	164.9	125.2	154.5	117.5	110.3	111.2	114.4	141.5	12.6%
8	Other ⁴	45.3	47.9	55.7	73.4	45.0	49.5	32.3	27.3	27.4	28.7	30.1	33.6	3.1%
9	Total Base OM&A	1,313.9	1,316.0	1,305.7	1,418.9	1,433.5	1,250.3	1,210.2	840.4	850.7	898.4	916.8	1,225.4	100.0%

Notes:

- 1 The figures presented here for 2020 Actuals have been restated for Nuclear organizational changes and transfers from Corporate Support ((See Ex. A1-4-1 Attachment 2 and Ex. F2-2-1,
- 2 IR Term Percentage = Sum of IR Term Resource Costs divided by Sum of IR Term Base OM&A.
- 3 Non-Regular labour includes costs for term and temporary staff.
- 4 Other costs include Low & Intermediate Level Waste expenses as per Ex. L-A1-CCC-001, Table 38, line 9.

Table 42
Project OM&A Summary - OPG Nuclear Facilities (\$M)

Line No.	Category	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Portfolio Projects (Allocated)												
1	Darlington NGS	13.9	30.4	29.1	19.2	30.9	8.3	7.4	5.8	0.5	0.0	0.0	0.0
2	Pickering NGS	1.8	1.0	1.5	21.4	22.4	14.8	2.4	1.8	1.0	0.8	1.1	1.8
3	Operations and Project Support	7.0	5.1	8.9	4.3	3.2	0.3	4.2	0.2	0.0	0.0	0.0	0.0
4	Subtotal Portfolio Projects (Allocated)	22.7	36.5	39.5	45.0	56.5	23.4	14.0	7.7	1.5	0.8	1.1	1.8
5	Infrastructure³	41.0	47.7	37.6	58.5	41.4	31.1	40.1	42.0	42.8	49.2	51.2	55.1
6	Portfolio Projects (Unallocated)³	0.0	0.0	0.0	0.0	0.0	2.3	13.7	21.5	38.1	34.1	32.6	26.3
7	Subtotal Project OM&A (Portfolio)	63.6	84.2	77.1	103.4	97.9	56.8	67.8	71.2	82.4	84.0	84.8	83.2
	Non Portfolio Projects												
8	Pickering Extended Operations	30.0	19.6	0.9	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Optimization of Pickering Shutdown	0.3	1.7	4.9	3.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Darlington Spacer Life Management ¹	3.0	(1.2)	0.3	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Darlington Unit 3 F/C Comp Retrieval ²	1.9	2.2	(0.2)	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
12	Fuel Channel Life Extension Project	0.7	5.0	3.2	1.9	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Fuel Channel Life Management Phase V Project	0.0	0.0	0.0	1.1	5.3	6.3	2.3	0.2	0.0	0.0	0.0	0.0
14	FCLE Related Ongoing Costs ⁴	0.0	0.0	0.0	26.2	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Darlington Steam Generator Primary Moisture Separators Replacement Projects ⁵	0.0	0.0	3.3	4.5	3.8	0.0	3.1	4.7	0.0	0.0	0.0	0.0
16	Total Project OM&A	99.5	111.6	89.5	141.1	107.9	63.1	73.3	76.1	82.4	84.0	84.8	83.2

Notes:

- 1 Project #83280 - DN Annulus Spacer Life Mgmt.
- 2 Project #83926 - IRI DN RU3 FC Component Retrieval.
- 3 Infrastructure also contains the following removals amounts associated with CRVA eligible capital projects: \$3.8M in 2027, \$0.0M in 2028, \$4.7M in 2029, \$4.3M in 2030, and \$4.4M in 2031. Infrastructure and Portfolio Projects (Unallocated) have been allocated among Darlington NGS, Pickering NGS and Operations and Project Support.

Infrastructure by Category

	Category	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
3a	Darlington NGS	27.2	32.4	22.3	22.5	24.2	19.1	30.8	31.5	32.1	38.1	40.0	40.7
3b	Pickering NGS	5.4	5.9	7.3	10.6	8.9	4.7	3.9	5.0	5.0	5.0	5.0	7.9
3c	Operations and Project Support	8.3	9.4	8.0	25.4	8.4	7.4	5.5	5.6	5.7	6.0	6.2	6.4

Portfolio Projects (Unallocated) by Category

	Category	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
3d	Darlington NGS	0.0	0.0	0.0	0.0	0.0	2.3	7.4	11.5	21.6	15.7	11.7	13.5
3e	Pickering NGS	0.0	0.0	0.0	0.0	0.0	0.0	6.3	8.2	10.5	13.8	16.9	12.8
3f	Operations and Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	6.0	4.5	4.0	0.0

- 4 Represents the Pickering Unit 8 Boiler Secondary Side Advancement Scale Conditioning.
- 5 Project #86873 Darlington Steam Generator Primary Moisture Separators Replacement (Removal).

Numbers may not add due to rounding.

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Table 43

Table 43
Outage OM&A and Pickering Cyclical Maintenance OM&A - Combined Nuclear (\$M)¹

Line No.	Division	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Plan	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Darlington Outages												
1	Darlington NGS	41.8	159.0	75.6	92.0	159.3	76.4	123.7	186.4	81.8	168.5	90.4	86.9
2	Operations and Project Support	8.1	32.3	14.0	13.8	45.4	14.9	32.3	37.4	30.9	50.6	31.2	28.8
3	Total Darlington Outages	49.9	191.3	89.6	105.8	204.6	91.3	155.9	223.7	112.7	219.1	121.6	115.8
	Pickering Outages												
4	Pickering NGS	146.4	108.7	110.5	121.7	91.6	29.0	39.9	0.0	0.0	0.0	0.0	26.5
5	Operations and Project Support	29.9	29.3	37.8	62.9	48.7	19.7	13.5	0.0	0.0	0.0	0.0	0.0
6	Total Pickering Outages	176.4	138.0	148.3	184.5	140.4	48.7	53.5	0.0	0.0	0.0	0.0	26.5
	CRVA Eligible Costs												
7	FCLE Related Ongoing Costs	20.3	25.5	25.3	20.6	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Pickering Extended Operations	47.3	26.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Optimization of Pickering Shutdown	0.1	1.9	1.8	7.2	11.8	1.1	0.0	0.0	0.0	0.0	0.0	0.0
10	Total CRVA Eligible Costs	67.6	53.5	27.0	27.8	13.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0
11	Total OPG Nuclear Facilities Outage OM&A	293.9	382.8	265.0	318.1	358.1	141.1	209.4	223.7	112.7	219.1	121.6	142.2
	Pickering Cyclical Maintenance												
12	Pickering NGS	0.0	0.0	0.0	0.0	0.0	0.0	25.0	158.3	150.6	158.0	158.9	100.4
13	Operations and Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	10.4	10.9	11.1	6.3
14	Total Pickering Cyclical Maintenance OM&A	0.0	0.0	0.0	0.0	0.0	0.0	25.0	168.4	160.9	168.9	169.9	106.6
	DNNP Facilities Outages												
15	Darlington SMR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	48.6
16	Operations and Project Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Total DNNP Facilities Outage OM&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	48.6

Notes:

1 2020-2026 values have been restated for Nuclear organizational changes and transfers from Corporate Support (See Ex. A1-4-1, Att.2 and Ex. F2-2-1, Att.1).

Numbers may not add due to rounding.

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Table 44
OPG Nuclear Facilities Fuel Costs (\$M)

Line No.	Description	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	CANDU:												
1	Darlington NGS¹	98.2	74.0	53.0	63.4	61.8	113.1	127.6	121.2	181.6	183.9	209.3	221.9
2	Pickering NGS¹	79.9	78.4	80.3	83.9	91.4	84.3	65.4	0.0	0.0	0.0	0.0	28.2
3	Total CANDU Fuel Bundle Cost	178.1	152.4	133.3	147.2	153.2	197.4	193.0	121.2	181.6	183.9	209.3	250.2
4	Total CANDU Fuel Bundle Cost² (\$/MWh)	4.05	3.85	3.78	4.08	4.65	5.18	5.95	6.49	6.80	7.33	7.80	8.64
5	CANDU Used Fuel Storage & Disposal³	55.2	76.7	82.7	66.5	52.7	60.2	41.8	26.8	38.5	38.0	50.2	54.2
6	Fuel Oil	1.5	2.9	6.6	4.7	5.9	1.0	4.4	2.9	1.7	1.7	1.7	1.8
7	Total OPG Nuclear Facilities CANDU Fuel Costs	234.9	232.0	222.5	218.4	211.8	258.6	239.2	150.9	221.7	223.6	261.2	306.1

Notes:

- 1 Includes fuel expense of 50% total refueling cost for each refurbished Darlington and Pickering unit applied during the first three months after return to service.
- 2 Line 3 divided by nuclear production from Ex. L-A1-CCC-001, Table 29.
- 3 Used Fuel Storage & Disposal is discussed in Ex. C2-1-1.

Numbers may not add due to rounding.

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Table 45
OM&A - Darlington Refurbishment Program (\$M)

Line No.	Description	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Darlington Refurbishment Program - Unit Refurbishment ¹	19.0	35.6	22.3	39.0	59.7	10.9	1.8	0.0	0.0	0.0	0.0	0.0
2	Facilities and Infrastructure Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Safety Improvement Opportunities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Total Darlington Refurbishment Program OM&A	19.0	35.6	22.3	39.0	59.7	10.9	1.8	0.0	0.0	0.0	0.0	0.0

Notes:

- 1 The Unit Refurbishment 2021-2026 amounts include removal costs of existing structures or facilities, and L&ILW variable expense. L&ILW expenses are shown below:

Darlington Refurbishment Program Cost	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
L&ILW variable expenses	1.4	6.4	6.1	7.9	18.0	6.1	1.8	0.0	0.0	0.0	0.0	0.0

Numbers may not add due to rounding.

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Table 46
OM&A - Pickering Refurbishment Program (\$M)

Line No.	Description	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Unit Refurbishment ¹	0.0	0.0	0.0	0.0	0.0	0.0	4.2	100.3	94.1	84.9	52.7	46.5
2	Total Pickering Refurbishment Program OM&A	0.0	0.0	0.0	0.0	0.0	0.0	4.2	100.3	94.1	84.9	52.7	46.5

Notes:

- 1 The Unit Refurbishment 2020-2031 amounts include removal costs of existing structures or facilities, and L&ILW variable expense. L&ILW expenses are shown below:

Pickering Refurbishment Project Cost	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
L&ILW variable expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.5	15.0	16.9	14.6	8.4

Numbers may not add due to rounding.

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Table 47

Table 47
Corporate Support & Administrative Groups OM&A Costs - OPG (\$M)¹

Line No.	Corporate Costs	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Base OM&A												
1	Corporate & Technology Services	148.1	159.1	165.2	168.2	180.4	186.0	187.3	188.2	196.7	207.9	218.2	240.0
2	Real Estate ²	50.9	49.9	45.8	55.4	52.4	55.1	57.7	62.4	63.0	66.5	67.6	72.2
3	Supply Chain	48.2	47.1	49.3	56.3	56.1	48.4	51.1	52.0	49.6	51.4	53.3	62.9
4	Finance	41.3	38.1	41.4	47.9	48.9	57.8	63.7	65.8	67.6	71.0	72.9	75.2
5	Human Resources	32.3	32.1	36.8	48.0	41.4	39.2	40.9	36.6	37.9	39.3	39.9	43.6
6	Corporate Centre	52.5	53.9	49.8	59.2	59.4	70.0	71.2	68.5	67.3	71.2	76.4	76.6
7	Total Base OM&A	373.3	380.2	388.3	434.9	438.6	456.5	471.8	473.5	482.2	507.4	528.3	570.4
8	Leases & Utilities	27.3	26.2	28.5	28.6	27.7	27.9	27.7	30.0	25.2	24.6	24.9	25.4
9	Project OM&A	25.0	26.4	22.8	37.2	30.4	35.9	47.4	51.4	48.0	46.1	44.6	42.2
10	Total OM&A	425.5	432.8	439.6	500.8	496.8	520.3	546.9	554.9	555.3	578.1	597.8	638.0

Notes:

- Corporate Support & Administrative costs have been restated from EB-2020-0290 for organizational changes and transfers to/from Enterprise Operations and Enterprise Projects as described in Ex. F3-1-1.
- Excludes amounts captured in the Asset Service Fee (Ex. F3-2-1).

Numbers may not add due to rounding.

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Table 48

Table 48
Allocation of Corporate Support & Administrative OM&A Costs - Regulated Hydroelectric (\$M)

Line No.	Corporate Group	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Base OM&A												
1	Corporate & Technology Services	19.0	17.5	18.0	17.8	10.7	11.3	12.7	12.8	13.6	15.6	17.3	18.0
2	Real Estate ¹	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.7	0.9	0.7	0.9	1.1
3	Supply Chain	3.1	3.6	3.1	2.8	2.5	2.3	2.3	2.3	2.9	3.9	4.0	4.1
4	Finance	7.5	6.8	7.0	7.1	6.7	5.7	6.0	6.5	8.1	8.3	9.2	9.3
5	Human Resources	4.8	5.2	5.6	5.5	5.5	5.0	6.3	7.5	6.7	6.1	6.5	5.8
6	Corporate Centre	10.1	10.1	8.7	10.5	9.7	10.4	8.5	11.0	12.9	10.0	9.9	10.1
7	Total Base OM&A	45.0	43.6	43.0	44.3	35.6	35.3	36.4	40.8	45.2	44.6	47.7	48.5
8	Leases & Utilities	0.2	0.7	1.0	1.0	0.8	1.2	1.8	1.7	2.9	2.7	4.1	2.8
9	Project OM&A	5.9	4.1	3.0	1.9	2.1	2.2	1.7	2.8	1.9	2.2	2.2	4.1
10	Total OM&A	51.0	48.4	47.1	47.1	38.4	38.7	39.9	45.3	50.0	49.6	54.0	55.3

Notes:

- 1 Excludes amounts captured in the Asset Service Fee (Ex. F3-2-1).

Numbers may not add due to rounding.

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Table 49

Table 49
Allocation of Corporate Support & Administrative OM&A Costs - OPG Nuclear Facilities (\$M)¹

Line No.	Corporate Group	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Base OM&A												
1	Corporate & Technology Services	130.1	139.6	144.5	145.4	157.9	156.1	152.3	149.6	154.5	164.4	172.8	191.5
2	Real Estate ²	49.3	47.3	42.2	52.7	49.4	49.7	51.0	55.0	55.2	58.5	59.3	60.5
3	Supply Chain	44.2	43.0	45.8	52.5	51.4	42.3	44.3	44.6	41.9	43.6	43.9	50.4
4	Finance	27.2	26.7	29.1	33.4	31.2	37.3	38.4	38.0	38.5	40.9	41.4	42.5
5	Human Resources	24.5	24.8	28.1	37.3	32.2	30.3	30.2	26.4	27.2	28.4	28.7	31.2
6	Corporate Centre	34.1	34.0	31.0	32.8	33.7	43.9	40.4	38.5	37.2	39.8	42.1	42.3
7	Total Base OM&A	309.4	315.3	320.8	354.1	355.8	359.5	356.6	352.1	354.6	375.5	388.2	418.3
8	Leases & Utilities	22.7	22.5	23.1	22.9	20.8	23.3	21.9	25.8	21.1	20.9	20.9	20.5
9	Project OM&A	20.6	21.9	22.3	29.3	24.3	24.8	37.6	39.6	36.5	36.3	35.6	32.8
10	Total OM&A	352.7	359.7	366.2	406.3	400.8	407.7	416.1	417.5	412.1	432.7	444.7	471.6

Notes:

- 1 Corporate Support & Administrative costs have been restated from EB-2020-0290 for organizational changes and transfers to/from Enterprise Operations and Enterprise Projects as described in Ex. F3-1-1.
- 2 Excludes amounts captured in the Asset Service Fee (Ex. F3-2-1).

Numbers may not add due to rounding.

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Table 50

Table 50
Allocation of Corporate Support & Administrative OM&A Costs - OPG Nuclear Facilities - Darlington (\$M)¹

Line No.	Corporate Group	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Base OM&A												
1	Corporate & Technology Services	62.9	65.6	67.6	69.7	75.8	77.2	69.0	73.3	74.7	80.0	83.2	87.5
2	Real Estate ²	23.2	23.0	20.2	27.9	26.8	29.1	31.5	33.0	33.0	34.4	34.8	35.8
3	Supply Chain	20.1	19.8	19.9	23.1	23.1	22.2	21.8	25.3	23.5	24.3	24.3	26.8
4	Finance	15.8	16.3	17.3	18.0	16.6	19.7	18.0	17.1	15.8	16.1	14.7	15.9
5	Human Resources	11.7	12.7	14.1	17.4	15.9	16.3	14.4	12.6	12.5	12.8	12.9	13.8
6	Corporate Centre	19.3	21.0	17.5	18.4	17.4	23.2	19.0	17.4	15.4	15.9	15.2	16.0
7	Total Base OM&A	153.0	158.3	156.6	174.5	175.6	187.7	173.8	178.6	174.9	183.5	185.1	195.7
8	Leases & Utilities	11.1	11.8	11.8	11.0	10.3	12.9	11.2	13.4	10.9	10.8	10.7	10.6
9	Project OM&A	11.1	12.2	10.8	13.7	11.0	12.1	15.6	21.8	20.0	20.6	18.8	16.2
10	Total OM&A	175.2	182.3	179.2	199.2	196.9	212.7	200.6	213.7	205.8	214.9	214.6	222.4

Notes:

- Corporate Support & Administrative costs have been restated from EB-2020-0290 for organizational changes and transfers to/from Enterprise Operations and Enterprise Projects as described in Ex. F3-1-1.
- Excludes amounts captured in the Asset Service Fee (Ex. F3-2-1).

Numbers may not add due to rounding.

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Table 51

Table 51
Allocation of Corporate Support & Administrative OM&A Costs - OPG Nuclear Facilities - Pickering (\$M)¹

Line No.	Corporate Group	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Base OM&A												
1	Corporate & Technology Services	67.2	74.0	76.9	75.7	82.1	78.9	83.3	76.3	79.9	84.3	89.6	104.1
2	Real Estate ²	26.0	24.3	22.0	24.9	22.6	20.6	19.5	22.0	22.3	24.1	24.5	24.7
3	Supply Chain	24.1	23.2	25.9	29.4	28.3	20.1	22.5	19.3	18.3	19.2	19.6	23.6
4	Finance	11.4	10.4	11.8	15.4	14.7	17.6	20.3	20.9	22.7	24.8	26.7	26.6
5	Human Resources	12.8	12.1	14.0	19.8	16.3	13.9	15.8	13.8	14.7	15.6	15.8	17.4
6	Corporate Centre	14.8	13.0	13.6	14.4	16.2	20.7	21.4	21.1	21.8	24.0	26.9	26.3
7	Total Base OM&A	156.4	157.0	164.2	179.6	180.2	171.8	182.7	173.5	179.7	192.0	203.1	222.7
8	Leases & Utilities	11.6	10.7	11.3	11.9	10.4	10.4	10.7	12.4	10.2	10.1	10.2	10.0
9	Project OM&A	9.5	9.7	11.5	15.6	13.3	12.7	22.0	17.8	16.5	15.7	16.9	16.5
10	Total OM&A	177.5	177.4	187.0	207.1	203.9	194.9	215.5	203.7	206.4	217.8	230.1	249.1

- Notes:
- Corporate Support & Administrative costs have been restated from EB-2020-0290 for organizational changes and transfers to/from Enterprise Operations and Enterprise Projects as described in Ex. F3-1-1.
 - Excludes amounts captured in the Asset Service Fee (Ex. F3-2-1).

Numbers may not add due to rounding.

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Table 52

Table 52

Allocation of Corporate Support Staff Summary - Regular and Non-Regular (FTEs) - Regulated Hydroelectric - 2020-2027

Line No.	Group	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Hydroelectric OM&A:								
1	Regular Staff	121.1	105.0	117.9	130.0	153.1	146.7	155.6	147.4
	Non-Regular Staff								
2	Temporary	10.5	12.7	15.1	14.2	13.7	12.1	8.4	6.2
3	Subtotal Regulated Hydroelectric OM&A	131.6	117.6	133.0	144.3	166.8	158.7	164.0	153.6
	Hydroelectric Capital:								
4	Regular Staff	6.3	7.6	10.0	10.0	11.5	17.4	29.9	36.4
	Non-Regular Staff								
5	Temporary	0.1	0.1	0.0	0.9	0.7	0.4	0.0	0.4
6	Subtotal Regulated Hydroelectric Capital	6.4	7.7	10.0	10.9	12.2	17.9	29.9	36.8
7	Total Regulated Hydroelectric	137.9	125.4	143.0	155.1	179.0	176.6	193.9	190.3

Numbers may not add due to rounding.

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Table 53
Allocation of Corporate Support Staff Summary - Regular and Non-Regular (FTEs) - OPG Nuclear Facilities

Line No.	Group	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Nuclear OM&A:												
1	Regular Staff	854.9	799.2	880.2	1,049.6	1,124.5	1,050.5	1,077.1	998.1	993.1	996.0	1,003.0	1,055.3
	Non-Regular Staff												
2	Term/ETE/PECO Temporary	57.4	76.1	79.2	61.9	53.0	39.9	33.3					
3	Temporary	146.9	156.0	168.5	186.2	152.1	118.1	73.4	55.4	55.5	53.2	54.9	58.0
4	EPSCA	24.6	25.3	22.1	21.6	15.7	18.4	28.1	23.1	23.1	23.1	23.0	26.9
5	Total Non-Regular Staff	229.0	257.3	269.8	269.7	220.8	176.4	134.7	78.5	78.5	76.2	78.0	85.0
6	Subtotal Nuclear OM&A	1,083.9	1,056.6	1,150.0	1,319.2	1,345.3	1,226.9	1,211.8	1,076.6	1,071.7	1,072.3	1,081.0	1,140.2
	Nuclear Capital:												
7	Regular Staff	14.7	14.2	21.5	42.5	45.5	65.4	116.3	155.7	153.1	156.0	152.0	144.5
	Non-Regular Staff												
8	Term/ETE/PECO Temporary	2.6	1.3	1.1	2.7	5.6	3.1	0.0	0.0	0.0	0.0	0.0	0.0
9	Temporary	1.0	0.0	0.0	10.8	11.1	0.0		3.2	3.2	3.2	3.2	3.2
10	EPSCA	10.7	10.2	1.0	2.8	1.7	1.4	0.9	0.9	0.9	0.9	0.9	0.9
11	Total Non-Regular Staff	14.3	11.5	2.1	16.3	18.4	4.5	0.9	4.1	4.1	4.1	4.1	4.2
12	Subtotal Nuclear Capital	29.0	25.7	23.6	58.8	63.9	69.9	117.2	159.8	157.2	160.1	156.1	148.6
	Darlington Refurbishment:												
13	Regular Staff	37.4	33.4	31.5	32.4	37.3	27.3	17.0	0.0	0.0	0.0	0.0	0.0
	Non-Regular Staff												
14	Temporary	10.6	12.2	9.3	10.2	6.9	7.6	0.0	0.0	0.0	0.0	0.0	0.0
15	EPSCA	6.7	8.9	7.8	7.2	8.0	6.7	0.0	0.0	0.0	0.0	0.0	0.0
16	Total Non-Regular Staff	17.3	21.1	17.2	17.4	14.9	14.3	0.0	0.0	0.0	0.0	0.0	0.0
17	Subtotal Darlington Refurbishment	54.7	54.5	48.7	49.9	52.2	41.6	17.0	0.0	0.0	0.0	0.0	0.0
	Pickering Refurbishment:												
18	Regular Staff	0.0	0.0	0.0	0.9	29.7	92.6	145.7	244.4	234.9	234.9	229.1	167.9
	Non-Regular Staff												
19	Term/ETE/PECO Temporary	0.0	0.0	0.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	Temporary	0.0	0.0	0.0	0.0	4.4	8.3	1.0	3.0	1.0	1.0	1.0	1.0
21	EPSCA	0.0	0.0	0.0	0.0	4.5	2.9	8.0	13.0	13.0	13.0	13.0	10.3
22	Total Non-Regular Staff	0.0	0.0	0.0	0.0	11.0	11.2	9.0	16.0	14.0	14.0	14.0	11.3
23	Subtotal Pickering Refurbishment	0.0	0.0	0.0	0.9	40.7	103.9	154.7	260.4	248.9	248.9	243.1	179.2
	Darlington New Nuclear Program:												
24	Regular Staff	0.0	0.0	9.9	14.0	21.9	28.2	0.0	0.0	0.0	0.0	0.0	0.0
	Non-Regular Staff												
25	Temporary	0.0	0.0	0.2	0.3	1.7	6.5	0.0	0.0	0.0	0.0	0.0	0.0
26	EPSCA	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
27	Total Non-Regular Staff	0.0	0.0	0.2	0.3	1.8	6.6	0.0	0.0	0.0	0.0	0.0	0.0
28	Subtotal New Nuclear DN Capital	0.0	0.0	10.2	14.2	23.7	34.8	0.0	0.0	0.0	0.0	0.0	0.0
	Darlington New Nuclear & Other New Nuclear OM&A:												
29	Regular Staff	4.8	25.4	0.3	4.6	7.6	14.0	41.8	0.0	0.0	0.0	0.0	0.0
	Non-Regular Staff												
30	Temporary	0.4	2.1	0.0	0.2	0.3	1.5	1.0	0.0	0.0	0.0	0.0	0.0
31	Subtotal Darlington & Other New Nuclear OM&A	5.2	27.6	0.3	4.9	7.8	15.5	42.8	0.0	0.0	0.0	0.0	0.0
	Nuclear Provision:												
32	Regular Staff	16.3	14.5	16.1	15.3	27.6	52.4	59.1	58.1	56.5	49.1	50.2	50.4
	Non-Regular Staff												
33	Term/ETE/PECO Temporary	0.6	1.1	0.0	0.0	1.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0
34	Temporary	1.5	0.5	2.0	2.4	2.5	1.2	1.0	1.0	1.0	1.0	1.0	1.0
35	EPSCA	0.0	0.0	0.0	0.0	0.9	0.4	0.0	0.0	0.0	0.0	0.0	0.0
36	Total Non-Regular Staff	2.1	1.6	2.0	2.4	4.4	2.5	1.0	1.0	1.0	1.0	1.0	1.0
37	Subtotal Nuclear Provision	18.4	16.1	18.1	17.8	31.9	54.9	60.1	59.1	57.5	50.1	51.2	51.4
38	Total Nuclear	1,191.3	1,180.5	1,250.8	1,465.6	1,565.7	1,547.4	1,603.6	1,555.9	1,535.2	1,531.3	1,531.5	1,519.4

Numbers may not add due to rounding.

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Table 54

Table 54
Depreciation and Amortization - Regulated Hydroelectric (\$M)

Line No.	Prescribed Facility Category ¹	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Niagara Region	60.2	60.2	60.5	61.5	61.3	61.3	63.3	65.1	65.6	67.3	68.5
2	Eastern Region	63.1	62.5	63.5	65.9	65.4	66.6	69.7	73.7	78.6	83.0	90.6
3	Western Region	16.5	16.3	16.7	17.5	18.3	18.5	21.4	22.5	24.1	26.4	24.5
4	Other ²	5.4	1.3	5.2	2.4	3.1	7.0	8.3	11.8	5.8	16.9	11.1
5	Total	145.2	140.2	145.9	147.3	148.1	153.4	162.7	173.1	174.1	193.5	194.8

Line No.	Prescribed Facility Category ¹	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)
6	Niagara Region	70.2	72.9	82.7	89.3	93.6
7	Eastern Region	96.6	102.2	108.4	112.2	114.9
8	Western Region	29.5	33.5	38.9	41.9	44.5
9	Other ²	19.1	19.8	19.7	20.3	18.7
10	Total	215.4	228.4	249.6	263.6	271.7

Notes:

- 1 Operating Region descriptions effective 2021 (see Ex. A1-4-2).
- 2 Includes losses on retirements, gains on disposal and other related charges.

Numbers may not add due to rounding.

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Table 55

Table 55
Depreciation and Amortization - Combined Nuclear (\$M)

Line No.	Prescribed Facility Category	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	OPG's Nuclear Facilities												
	Darlington NGS:												
1	Darlington NGS (excluding DRP)	74.4	82.8	93.9	105.2	126.2	146.8	158.5	178.6	219.6	242.6	283.8	336.0
2	Darlington Refurbishment Program (excluding D2O Storage)	123.2	184.6	184.7	226.1	271.8	312.0	373.3	398.5	398.5	398.4	398.0	398.0
3	Heavy Water Storage Facility (D2O Storage) ¹	9.1	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
4	Subtotal Darlington NGS	206.7	279.5	290.7	343.3	410.0	470.8	543.8	589.1	630.1	653.0	693.7	746.0
	Pickering NGS:												
5	Pickering NGS (excluding PRP)	132.0	113.5	132.0	143.1	61.3	18.6	20.4	21.5	26.6	26.8	34.4	41.6
6	Pickering Refurbishment Project	0.0	0.0	0.0	0.0	0.0	0.0	1.2	3.8	4.1	4.1	4.1	156.7
7	Subtotal Pickering NGS	132.0	113.5	132.0	143.1	61.3	18.6	21.6	25.3	30.7	30.9	38.5	198.3
8	Operations and Project Support	26.7	30.4	33.4	37.3	41.8	45.5	40.9	37.5	36.4	35.1	36.3	36.9
9	Asset Retirement Costs	82.2	80.4	160.9	160.9	238.8	11.3	11.3	11.3	11.3	11.3	11.3	11.3
10	Other²	1.1	1.0	9.7	1.0	1.8	0.6	0.0	0.0	0.0	0.0	0.0	0.0
11	Total	448.6	504.8	626.6	685.6	753.7	546.9	617.7	663.3	708.5	730.3	779.8	992.6
	DNNP Facilities												
12	Darlington New Nuclear Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.6	109.7

- Notes:
- Amount in line 3 of col. (a) corresponds to EB-2020-0290 Payment Amounts Order, App. A, Table 10a, line 4a of col. (e) and reflects the OEB's findings with respect to the D2O Storage Project in the EB-2020-0290 Decision and Order dated November 15, 2021.
 - Includes losses on retirements, gains on disposal and other related charges.

Numbers may not add due to rounding.

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Table 56

Table 56
Taxes - Regulated Hydroelectric³ (\$M)

Line No.	Cost Item	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Income Tax ^{1,2}	17.4	10.3	87.7	77.5	93.0	87.9	103.8	60.2	(3.3)	79.4	(3.3)	27.3
	Property Tax:												
2	Niagara Region	0.3	0.4	0.4	0.5	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4
3	Eastern Region	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5
4	Western Region	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.2
5	Subtotal	0.9	0.9	0.9	1.0	1.1	1.1	1.0	1.1	1.1	0.9	1.0	2.1
6	Total	18.3	11.2	88.6	78.6	94.1	88.9	104.8	61.2	(2.2)	80.3	(2.3)	29.4

Notes:

- 1 The income tax expense is calculated on a combined basis for OPG's prescribed facilities for the years 2020 to 2026. As described in Ex. F4-2-1, the resulting expense is allocated between the regulated hydroelectric and nuclear businesses on the basis of each business's taxable income and, for SR&ED ITCs, on the basis of the underlying expenditures.
- 2 Amounts for 2027 are from Ex. F4-2-1, Table 3b, line 24, col. (a).
- 3 Operating Region descriptions effective 2021 (see Ex. A1-4-2).

Numbers may not add due to rounding.

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Table 57

Table 57
Taxes - OPG Nuclear Facilities (\$M)

Line No.	Cost Item	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Income Tax ^{1,2}	158.6	(20.2)	81.0	83.5	(59.9)	237.9	(36.9)	(16.6)	(16.6)	(16.6)	(16.6)	(16.6)
	Property Tax:												
2	Darlington NGS	7.2	7.3	7.4	7.6	7.9	10.2	10.4	10.8	11.0	11.2	11.4	11.6
3	Pickering NGS	4.0	4.3	4.4	4.6	4.7	4.4	3.1	3.2	3.2	3.3	3.4	3.4
4	Sub-total	11.1	11.6	11.8	12.1	12.6	14.6	13.5	14.0	14.2	14.5	14.8	15.0
5	Total	169.7	(8.5)	92.8	95.7	(47.3)	252.6	(23.4)	(2.7)	(2.4)	(2.1)	(1.8)	(1.6)

Notes:

- 1 The income tax expense is calculated on a combined basis for OPG's prescribed facilities for the years 2020 to 2026. As described in Ex. F4-2-1, the resulting expense is allocated between the regulated hydroelectric and nuclear businesses on the basis of each business's taxable income and, for SR&ED ITCs, on the basis of the underlying expenditures.
- 2 Amounts for 2027-2031 are from Ex. F4-2-1, Table 3d, line 32.

Numbers may not add due to rounding.

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Table 58

Table 58
Calculation of Regulatory Income Taxes for Prescribed Facilities (\$M)
Year Ending December 31, 2025

Line No.	Particulars	Note	2025 Actual ⁶
			(f)
	<u>Determination of Regulatory Taxable Income</u>		
1	Regulatory Earnings Before Tax	1	1,594.8
	Additions for Regulatory Tax Purposes:		
2	Depreciation and Amortization		684.4
3	Nuclear Waste Management Expenses		73.5
4	Receipts from Nuclear Segregated Funds		503.9
5	Pension and OPEB Accrual		268.4
6	Regulatory Asset Amortization - Bruce Lease Net Revenues Variance Account		21.6
7	Regulatory Asset Amortization - Pension & OPEB Cash Versus Accrual Differential Deferral Account		203.1
8	Regulatory Liability Amortization - Income and Other Taxes Variance Account		(8.3)
9	Adjustment Related to Financing Cost for Nuclear Liabilities		0.4
10	Restricted Net Interest and Financing Expenses		0.0
11	Disallowance of Heavy Water Storage and Drum Handling Facility ("D2O") Project Expenditures		0.0
12	Taxable SR&ED Investment Tax Credits	4	32.1
13	Nuclear fuel Expense Half Charge Adjustment		22.1
14	Other		141.9
15	Total Additions		1,943.2
	Deductions for Regulatory Tax Purposes:		
16	CCA	2	1,225.3
17	Cash Expenditures for Nuclear Waste Management & Decommissioning		512.4
18	Contributions to Nuclear Segregated Funds		116.4
19	Pension Plan Contributions		137.7
20	OPEB/SPP Payments		137.8
21	Reversal of Return on Rate Base Recorded in Deferral and Variance Accounts		52.0
22	Deductible SR&ED Qualifying Expenditures	5	(15.2)
23	Other		22.6
24	Total Deductions		2,189.0
25	Regulatory Taxable Income/(Loss) Before Tax Loss Carry-Over (line 1 + line 15 - line 24)		1,349.0
26	Tax Loss Carry-Over		0.0
27	Regulatory Taxable Income After Tax Loss Carry-Over (line 25 + line 26)		1,349.0
28	Regulatory Income Taxes - Federal (line 27 x line 32)		202.3
29	Regulatory Income Taxes - Provincial (line 27 x line 33)		134.9
30	Regulatory Income Taxes - SR&ED Investment Tax Credits		(19.9)
31	Total Regulatory Income Taxes (line 28 + line 29 + line 30)	3	317.3
	<u>Income Tax Rate:</u>		
32	Federal Tax		15.00%
33	Provincial Tax net of Manufacturing & Processing Profits Deduction		10.00%
34	Total Income Tax Rate		25.00%

For notes see L-A1-CCC-001, Table 59.

Numbers may not add due to rounding.

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Table 59

Table 59
Notes to L-A1-CCC-001, Table 58
Calculation of Regulatory Income Taxes for Prescribed Facilities (\$M)
Year Ending December 31, 2025

Notes:

- 1 Regulatory Earnings Before Tax for 2025 is from Ex. L-I1-Staff-266, Attachment 1, Table 2, line 11.
- 2 Amounts are the sum of CCA for the regulated hydroelectric facilities, as shown in Ex. L-A1-CCC-001, Table 60, col. (j) minus (i), and for the nuclear facilities, as shown in Ex. L-A1-CCC-001, Tables 61, col. (j) minus (i).
- 3 To enable reconciliation to historical year regulatory ROE calculation, adjustments are made to the regulatory income taxes presented at line 31: line (b) is to reflect the inclusion of income tax amounts in certain deferral and variance accounts (i.e., the impact of tax additions and deductions that represent items for which the tax cost or benefit is being passed on to ratepayers through deferral and variance accounts); and line (c) is to exclude the benefit of tax losses forecasted in EB-2020-0290 to be carried forward beyond the 2022-2026 period.

		2025
(a)	Regulatory Income Taxes (line 32)	317.3
(b)	Income Tax Amounts Recorded in Deferral and Variance Accounts	49.4
(c)	Tax Losses Carried Forward Beyond 2022-2026 (per EB-2020-0290 PAO, App. A, Table 22) ⁺	-6.0
(d)	Regulatory Income Taxes for Regulatory ROE Purposes: (line (a) + (b) + (c)) ⁺⁺	360.7

⁺ The individual year amount at line (c) is calculated as the year-over-year change in the forecast tax losses for the 2022-2026 period per EB-2020-0290 Payment Amounts Order, App. A, Table 22, line 4.

- 4 For tax return reconciliation purposes, Taxable SR&ED Investment Tax Credits are shown at 100% recognition percentage for the historical year.
- 5 As discussed in Ex. L-A1-CCC-010, in December 2025 OPG transferred assets related to the DNNP facilities to DNNP LP. The transfer of these assets resulted in income inclusion of \$121.6M to OPG for SR&ED Qualifying Expenditures deducted previously (and credited in the Nuclear Development Variance Account) for the DNNP facilities, which will be offset by higher future CCA claims within DNNP LP.
- 6 Subject to finalization of the 2025 tax return.

Numbers may not add due to rounding.

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Table 60

Table 60
Undepreciated Capital Cost and Capital Cost Allowance Schedule for OPG's Regulated Hydroelectric Operations (\$M)
Year Ending December 31, 2025

Line No.	Class	Undepreciated Capital Cost at Beginning of Year ¹	Cost of Acquisitions ²	Cost of Acquisitions that are RIIP ³	Net Adjustments	Proceeds of Dispositions	(a)+(b)+(c)-(d) UCC1	50% Rule or UCC adj for RIIP ⁴	(e)-(f) Reduced or increased Undepreciated Capital Cost	CCA Rate	Recapture/ Terminal Loss	Capital Cost Allowance	(e)+(i)-(j) Undepreciated Capital Cost at End of Year
		(a)	(b)	(b1)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	1	1,857.0	161.7	50.3	0.0	0.0	2,018.7	(25.1)	2,043.9	4%	0.0	81.8	1,937.0
2	1-rolling start	215.4	42.1	14.2	0.0	0.0	257.5	(7.1)	264.6	4%	0.0	10.6	246.9
3	1.1	74.2	19.5	5.3	0.0	0.0	93.7	(2.6)	96.4	6%	0.0	5.8	88.0
4	1.1-rolling start	0.0	4.3	1.4	0.0	0.0	4.3	(0.7)	5.0	6%	0.0	0.3	4.0
5	2	899.5	0.0	0.0	0.0	0.0	899.5	0.0	899.5	6%	0.0	54.0	845.5
6	3	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.2	5%	0.0	0.0	0.2
7	6	6.2	0.3	0.0	0.0	0.0	6.5	(0.0)	6.5	10%	0.0	0.6	5.8
8	8	101.2	46.8	13.2	0.0	0.0	148.0	(6.6)	154.6	20%	0.0	30.9	117.1
9	8-rolling start	0.0	10.3	3.5	0.0	0.0	10.3	(1.7)	12.0	20%	0.0	2.4	7.9
10	10	0.6	5.0	0.9	0.0	0.0	5.5	(0.5)	6.0	30%	0.0	1.8	3.7
11	12	0.0	16.0	4.7	0.0	0.0	16.0	0.0	16.0	100%	0.0	16.0	0.0
12	12-rolling start	0.0	3.1	1.3	0.0	0.0	3.1	0.0	3.1	100%	0.0	3.1	0.0
13	13	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	n/a	0.0	0.0	(0.0)
14	14.1	(0.1)	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)	5%	0.0	(0.0)	(0.1)
15	17	429.5	58.2	22.6	0.0	0.0	487.8	(11.3)	499.1	8%	0.0	39.9	447.8
16	17-rolling start	0.0	19.0	6.4	0.0	0.0	19.0	(3.2)	22.2	8%	0.0	1.8	17.3
17	42	3.1	0.1	0.0	0.0	0.0	3.2	(0.0)	3.2	12%	0.0	0.4	2.8
18	43.1	0.0	22.8	22.1	0.0	0.0	22.8	(52.6)	75.4	30%	0.0	22.6	0.2
19	43.1-rolling start	0.0	10.1	10.1	0.0	0.0	10.1	(23.5)	33.6	30%	0.0	10.1	0.0
20	43.2	7.0	0.0	0.0	0.0	0.0	7.0	0.0	7.0	50%	0.0	3.5	3.5
21	45	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45%	0.0	0.0	0.0
22	50	0.4	0.5	0.1	0.0	0.0	0.9	(0.1)	0.9	55%	0.0	0.5	0.4
23	Total	3,594.2	419.7	156.0	0.0	0.0	4,013.9	(135.0)	4,148.9		0.0	286.0	3,727.9

Notes:

- Amounts are from Ex. F4-2-1, Table 13, col. (k).
- Includes Accelerated Investment Incentive Property ("AIIP"), other than those in classes 54-56, acquired after Nov 20, 2018 and before January 1, 2025. For further discussion of AIIP, refer to EB-2020-0290, Ex. F4-2-1, p. 5, lines 1 to 9.
- Represents Reinstated Accelerated Investment Incentive Property ("RIIP") for qualifying property acquired on or after January 1, 2025 and becomes available for use before 2034. For further discussion of RIIP, refer to Ex. L-F4-CCC-084.
- With RIIP rules effective for eligible property acquired on or after 1 January 2025 and becomes available for use before 2034, the half year rule is suspended until the former is phased out.

Numbers may not add due to rounding.

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Table 61

Table 61
Undepreciated Capital Cost and Capital Cost Allowance Schedule for OPG's Regulated Nuclear Operations (\$M)
Year Ending December 31, 2025

Line No.	Class	Undepreciated Capital Cost at Beginning of Year ¹	Cost of Acquisitions ²	Cost of Acquisitions that are RIIP ³	Net Adjustments	Proceeds of Dispositions ⁶	(a)+(b)+(c)-(d) UCC1	50% Rule or UCC adj for RIIP ⁴	(e)-(f) Reduced or increased Undepreciated Capital Cost	CCA Rate	Recapture/ Terminal Loss ⁵	Capital Cost Allowance	(e)+(i)-(j) Undepreciated Capital Cost at End of Year
		(a)	(b)	(b1)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	1	1,112.6	22.4	0.0	0.0	0.0	1,135.1	0.0	1,135.1	4%	0.0	45.4	1,089.7
2	1-DNNP	25.4	0.0	0.0	0.0	26.5	(1.1)	0.0		4%	1.1	0.0	0.0
3	1-rolling start	108.4	34.1	(0.0)	0.0	0.0	142.5	0.0	142.5	4%	0.0	5.7	136.8
4	1-rolling start DNNP	25.4	0.0	0.0	0.0	26.5	(1.1)	0.0		4%	1.1	0.0	0.0
5	1.1	540.1	45.0	8.4	0.0	0.0	585.1	(4.2)	589.3	6%	0.0	35.4	549.7
6	1.1-rolling start	194.9	31.5	0.0	0.0	0.0	226.4	0.0	226.4	6%	0.0	13.6	212.8
7	2	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	6%	0.0	(0.0)	(0.0)
8	3	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	5%	0.0	(0.0)	(0.0)
9	6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10%	0.0	0.0	0.0
10	8	348.6	73.3	6.6	0.0	0.0	421.8	(3.3)	425.1	20%	0.0	85.0	336.8
11	8-rolling start	15.7	63.6	(0.0)	0.0	0.0	79.3	0.0	79.3	20%	0.0	15.9	63.4
12	10	5.3	5.4	3.2	0.0	0.0	10.6	(1.6)	12.2	30%	0.0	3.7	7.0
13	12	0.0	98.9	40.5	0.0	0.0	98.9	0.0	98.9	100%	0.0	98.9	0.0
14	12-rolling start	0.0	31.4	0.0	0.0	0.0	31.4	0.0	31.4	100%	0.0	31.4	0.0
15	13	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.3	n/a	0.0	0.1	0.2
16	14.1	4.2	0.0	0.0	0.0	0.0	4.2	0.0	4.2	7%	0.0	0.3	3.9
17	14.1	11.5	0.0	0.0	0.0	0.0	11.5	0.0	11.5	5%	0.0	0.6	10.9
18	17	5,674.8	747.2	642.5	0.0	0.0	6,422.0	(321.3)	6,743.2	8%	0.0	539.5	5,882.5
19	17-DNNP	105.7	0.0	0.0	0.0	114.9	(9.2)	0.0		8%	9.2	0.0	0.0
20	17-rolling start	846.3	113.4	(0.0)	0.0	0.0	959.8	0.0	959.8	8%	0.0	76.8	883.0
21	17-rolling start DNNP	105.7	0.0	0.0	0.0	114.9	(9.2)	0.0		8%	9.2	0.0	0.0
22	26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5%	0.0	0.0	0.0
23	42	24.1	2.6	1.6	0.0	0.0	26.8	(0.8)	27.5	12%	0.0	3.3	23.4
24	43.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30%	0.0	0.0	0.0
25	43.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50%	0.0	0.0	0.0
26	45	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45%	0.0	0.0	0.0
27	50	2.4	3.7	2.2	0.0	0.0	6.1	(1.8)	7.9	55%	0.0	4.3	1.8
28	Total	9,151.5	1,272.5	705.0	0.0	282.7	10,141.3	(332.9)	10,494.7		20.5	959.8	9,202.0

Notes:

- Amounts are from Ex. F4-2-1, Table 25, col. (k).
- Includes Accelerated Investment Incentive Property ("AIIP"), other than those in classes 54-56, acquired after Nov 20, 2018 and before January 1, 2025. For further discussion of AIIP, refer to EB-2020-0290, Ex. F4-2-1, p. 5, lines 1 to 9.
- Represents Reinstated Accelerated Investment Incentive Property ("RIIP") for qualifying property acquired on or after January 1, 2025 and becomes available for use before 2034. For further discussion of RIIP, refer to Ex. L-F4-CCC-084.
- With RIIP rules effective for eligible property acquired on or after 1 January 2025 and becomes available for use before 2034, the half year rule is suspended until the former is phased out.
- As discussed in Ex. L-A1-CCC-010, in December 2025 OPG transferred assets related to the DNNP facilities to DNNP LP. The transfer of these resulted in taxable income in the form of recapture of \$20.5M to OPG for CCA claimed previously (and credited in the Nuclear Development Variance Account) for the DNNP facilities, which will be offset by higher CCA claims within DNNP LP.
- Represents the capital cost of assets related to the DNNP facilities that OPG transferred to DNNP LP in December 2025. Refer to discussion in Ex. L-A1-CCC-010.

Numbers may not add due to rounding.

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Table 62

Table 62
Centrally Held Costs (\$M)
OPG

Line No.	Corporate Costs	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Pension/OPEB Related Accrual Costs	12.8	39.5	(93.2)	(246.5)	(75.1)	(146.0)	(210.7)	(194.0)	(212.6)	(225.3)	(223.8)	(226.6)
2	OPG-Wide Insurance	25.3	30.5	34.1	35.0	35.4	33.1	32.9	37.0	39.6	41.9	45.2	50.5
3	Nuclear Insurance	19.5	20.7	21.1	21.5	22.2	17.2	18.1	28.6	28.8	29.4	34.4	40.7
4	Performance Incentives	32.7	32.2	30.1	45.7	45.2	54.5	45.1	47.0	50.6	52.5	53.1	54.6
5	IESO Non-Energy Charges	133.5	61.4	61.8	84.1	88.5	40.4	48.2	31.9	53.8	45.4	53.6	62.0
6	Other	35.3	77.3	49.3	41.3	26.2	82.8	24.0	28.3	19.7	1.1	25.0	27.4
7	Total	259.1	261.6	103.2	(18.9)	142.5	82.0	(42.4)	(21.2)	(20.1)	(55.0)	(12.4)	8.6

Numbers may not add due to rounding.

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Table 63

Table 63
Allocation of Centrally Held Costs - Regulated Hydroelectric (\$M)

Line No.	Costs	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Pension/OPEB Related Costs	26.4	11.8	20.0	16.0	1.7	5.8	(13.9)	(34.9)	(10.0)	(21.1)	(30.5)	(27.8)
2	OPG-Wide Insurance	6.7	7.4	7.3	7.5	9.1	11.1	12.4	13.1	14.3	14.8	17.2	19.5
3	Performance Incentives	3.1	4.1	4.0	3.8	3.7	3.3	3.1	5.7	5.4	6.9	5.8	6.0
4	IESO Non-Energy Charges	11.5	9.7	5.8	2.1	2.5	1.1	2.8	4.5	3.3	5.1	3.0	3.0
5	Other	(3.1)	(6.8)	(8.0)	(5.3)	(1.0)	7.5	3.6	(0.4)	(0.3)	3.5	3.9	4.9
6	Total	44.6	26.2	29.2	24.1	15.9	28.8	8.0	(12.0)	12.6	9.2	(0.7)	5.6

Numbers may not add due to rounding.

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Table 64

Table 64
Allocation of Centrally Held Costs - OPG Nuclear Facilities (\$M)

Line No.	Costs	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Pension/OPEB Related Accrual Costs	10.2	30.4	(71.0)	(194.6)	(59.2)	(114.2)	(157.5)	(143.6)	(156.0)	(166.0)	(165.1)	(166.4)
2	OPG-Wide Insurance	8.3	10.2	11.3	12.0	12.0	9.2	6.4	7.1	7.6	8.2	8.6	11.8
3	Nuclear Insurance ¹	19.5	20.7	21.1	21.5	22.2	17.2	18.1	28.6	28.8	29.4	30.0	31.6
4	Performance Incentives	27.2	26.7	24.8	35.5	35.2	43.5	32.7	33.4	35.6	37.0	37.2	38.6
5	IESO Non-Energy Charges ²	113.2	49.4	48.5	67.4	72.7	26.8	34.7	18.6	38.2	31.6	38.4	43.1
6	Other	36.6	71.8	41.6	39.8	21.7	73.0	18.5	20.5	14.9	(0.3)	17.5	19.8
7	Total	215.0	209.3	76.3	(18.5)	104.7	55.6	(47.2)	(35.4)	(30.8)	(60.1)	(33.3)	(21.6)

Notes:

1 Breakdown of Nuclear Insurance by station:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Darlington NGS	7.4	7.9	8.1	8.2	9.4	8.5	8.9	18.3	18.7	19.1	19.5	19.8
Pickering NGS	12.0	12.7	13.1	13.3	12.8	8.7	9.2	10.3	10.1	10.3	10.5	11.7

2 Breakdown of IESO Non-Energy Charges by station:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Darlington NGS	39.3	0.5	12.2	17.6	23.7	5.3	12.4	11.0	15.0	12.1	14.7	16.0
Pickering NGS	73.9	48.9	36.3	49.8	49.0	21.5	22.3	7.6	23.2	19.5	23.8	27.2

Numbers may not add due to rounding.

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Table 65
Other Revenues - Regulated Hydroelectric (\$M)

Line No.	Revenue Source	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Ancillary Services ¹	70.1	78.7	70.5	71.8	55.5	50.1	71.6	62.3	58.5	98.0	51.5	49.1
2	Segregated Mode of Operation ²	0.4	3.1	2.7	0.0	0.0	0.0	8.0	0.4	1.2	3.3	3.3	3.3
3	Water Transactions ³	1.1	0.9	1.6	0.9	0.2	0.6	0.6	1.6	3.5	3.2	3.2	3.2
4	Capacity Exports ⁴	0.1	0.6	2.3	0.2	0.0	0.4	0.0	1.5	3.0	0.7	0.7	0.7
5	Total Ancillary Services	71.8	83.2	77.1	72.8	55.7	51.1	80.2	65.8	66.4	106.0	58.7	56.3
6	HIM Revenue	14.0	12.3	10.9	6.2	5.1	16.8	14.3	14.8	28.4	49.7	20.2	17.8
7	Total of Other Revenues	85.8	95.5	88.0	79.0	60.7	67.8	94.5	80.6	94.7	154.9	78.9	65.2

- Notes:
- 1 Ancillary Services related to regulated hydroelectric facilities are discussed in Ex. G1-1-1, Section 3.
 - 2 Segregated Mode of Operation (SMO) net revenues are gross revenues less HOEP, less export fees, transmission charges in other control areas, transmission losses, production losses during the switching process between control areas and costs associated with the non-regulated Trading business.
 - 3 Water Transactions revenues are gross revenues net of accommodation charges and Gross Revenue Charges (GRC).
 - 4 2027 Total of Other Revenues includes 50% of the HIM Revenue forecast as described in Ex. G1-1-1, Section 7.

Numbers may not add due to rounding.

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Table 66
Other Revenues - OPG Nuclear Facilities (\$M)

Line No.	Revenue Source	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Non-energy Revenue:												
1	Heavy Water Sales & Processing	38.3	35.6	20.6	43.0	20.1	18.6						
2	Isotope Sales (Pickering Cobalt 60 + Tritium)	5.0	26.2	2.6	18.7	10.7	13.2						
3	Total Non-energy Revenues (line 1 + line 2)	43.3	61.8	23.2	61.7	30.8	31.8	42.9	16.4	43.5	24.4	23.8	34.5
4	Non-energy Direct Costs	7.1	6.4	11.0	12.4	11.4	9.4	10.3	10.1	10.8	10.6	10.3	10.9
5	Non-energy Contribution Margin (line 3 - line 4)	36.2	55.4	12.2	49.3	19.4	22.4	32.6	6.3	32.7	13.8	13.5	23.6
6	Ancillary Services	6.7	6.6	7.2	8.3	7.3	7.1	6.8	0.0	0.0	0.0	0.0	0.0
7	Total (line 5 + line 6)	42.9	62.0	19.4	57.6	26.7	29.5	39.4	6.3	32.7	13.8	13.5	23.6

Numbers may not add due to rounding.

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Table 67
Bruce Lease Net Revenues (\$M)

Line No.	Item	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Bruce Lease Net Revenues:												
1	Bruce Lease Revenues¹	218.2	202.7	169.6	219.6	261.1	238.0	255.2	235.3	257.0	230.2	264.5	233.7
2	Bruce Costs²	230.1	271.4	204.7	245.4	218.6	210.8	228.8	240.5	245.5	248.3	257.1	250.7
3	Bruce Lease Net Revenues (line 1 - line 2)	(11.9)	(68.7)	(35.1)	(25.8)	42.5	27.2	26.5	(5.2)	11.5	(18.1)	7.3	(17.1)

Notes:

1 From Ex. L-A1-CCC-001, Table 68, line 8.

2 From Ex. L-A1-CCC-001, Table 69, line 12.

Numbers may not add due to rounding.

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Table 68
Bruce Lease Revenues (\$M)

Line No.	Revenue Source	Note	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Site Services (OPG to Bruce Power)		0.7	0.7	0.6	0.5	1.1	0.1	0.5	0.5	0.6	0.6	0.6	0.6
2	Low & Intermediate Level Waste Services		21.2	29.9	2.4	14.6	50.0	22.4	29.9	35.3	25.0	24.7	14.6	23.8
3	Cobalt-60		0.8	0.4	0.6	0.5	0.5	0.5	0.7	0.7	0.7	0.8	0.8	0.8
4	Total Services Revenue		22.7	30.9	3.6	15.6	51.6	23.0	31.1	36.6	26.4	26.0	16.0	25.2
5	Fixed (Base) Rent		25.4	25.4	26.3	26.3	28.0	28.0	28.8	28.8	29.6	29.6	30.4	30.4
6	Supplemental Rent		170.2	146.5	139.7	177.7	181.5	187.0	195.3	169.9	201.0	174.5	218.1	178.0
7	Total Rent Revenue		195.6	171.8	166.0	204.0	209.5	215.0	224.1	198.7	230.6	204.1	248.5	208.4
8	Total Revenue (line 4 + line 7)		218.2	202.7	169.6	219.6	261.1	238.0	255.2	235.3	257.0	230.2	264.5	233.7

Numbers may not add due to rounding.

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Table 69
Bruce Costs (\$M)

Line No.	Cost Item	Note	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Plan	2028 Plan	2029 Plan	2030 Plan	2031 Plan
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Depreciation		69.6	69.8	52.4	52.4	44.3	44.3	44.3	44.3	44.3	44.3	44.3	44.3
2	Property Tax		12.3	12.6	13.0	13.5	14.1	14.7	14.6	15.1	15.4	15.7	16.0	16.3
3	Accretion	1	504.1	522.3	513.6	534.1	535.7	550.9	567.3	587.8	607.6	626.9	649.5	668.1
4	(Earnings) Losses on Segregated Funds	2	(439.0)	(431.6)	(471.3)	(460.0)	(473.8)	(478.7)	(486.1)	(500.7)	(516.6)	(535.3)	(556.5)	(578.7)
5	Used Fuel Storage and Disposal	3	60.1	84.1	86.9	96.7	59.0	53.7	57.2	68.4	61.1	73.1	69.4	77.7
6	Waste Management Expenses, Facilities Removal and Other Costs	4	4.0	19.6	10.5	11.3	19.5	13.0	18.5	18.7	15.7	9.2	6.8	10.2
7	Interest		23.1	17.6	11.2	6.0	5.6	3.9	4.1	8.7	14.3	20.5	25.3	18.6
8	Total Costs Before Income Tax		234.1	294.3	216.4	254.0	204.5	201.7	219.9	242.3	241.7	254.3	254.7	256.4
9	Income Tax - Current	5	33.1	45.0	69.8	78.0	69.9	84.3	37.3	25.5	24.3	10.2	21.2	19.8
10	Income Tax - Deferred	6	(37.0)	(67.9)	(81.5)	(86.6)	(55.8)	(75.2)	(28.4)	(27.2)	(20.5)	(16.3)	(18.7)	(25.5)
11	Total Income Tax		(4.0)	(22.9)	(11.7)	(8.6)	14.2	9.1	8.8	(1.7)	3.8	(6.0)	2.4	(5.7)
12	Total Costs (line 8 + line 11)		230.1	271.4	204.7	245.4	218.6	210.8	228.8	240.5	245.5	248.3	257.1	250.7

Notes:

- 1 2025 Actual from Ex. L-A1-CCC-001, Table 12, line 4, col. (b).
- 2 2025 Actual from Ex. L-A1-CCC-001, Table 12, line 13, col. (b).
- 3 2025 Actual from Ex. L-A1-CCC-001, Table 12, line 2, col. (b).
- 4 2025 Actual from Ex. L-A1-CCC-001, Table 12, line 3, col. (b).
- 5 2025 Actual from Ex. L-A1-CCC-001, Table 70, line 20, col. (a).
- 6 2025 Actual from Ex. L-A1-CCC-001, Table 70, line 27, col. (a).

Numbers may not add due to rounding.

Filed: 2026-04-24
EB-2025-0297
Exhibit L
A1-CCC-001
Attachment 1
Table 70

Table 70
Calculation of Bruce Income Taxes (\$M)
Years Ending December 31, 2025

Line No.	Particulars	Note	2025 Actual
			(a)
	<u>Determination of Taxable Income</u>		
1	Earnings (Loss) Before Tax	1	36.3
	Additions for Tax Purposes - Temporary Differences:		
2	Base Rent Accrual		(9.1)
3	Depreciation		44.3
4	Accretion		550.9
5	Restricted Net Interest and Financing Expenses		0.0
6	Used Fuel and Waste Management Expenses and Facilities Removal Costs		66.7
7	Receipts from Nuclear Segregated Funds		217.5
8	Other		5.5
9	Total Additions - Temporary Differences (lines 2 through 8)		875.8
	Deductions for Tax Purposes - Temporary Differences:		
10	CCA		7.9
11	Cash Expenditures for Used Fuel, Waste Management & Decommissioning and Facilities Removal		204.8
12	Contributions to Nuclear Segregated Funds		(116.4)
13	Earnings (Losses) on Nuclear Segregated Funds		478.7
14	Total Deductions - Temporary Differences (lines 10 through 13)		575.0
15	Taxable Income/(Loss) Before Loss Carry-Over (line 1 + line 9 - line 14)		337.1
16	Tax Loss Carry-Over to Future Years / (from Prior Years)		0.0
17	Taxable Income After Loss Carry-Over (line 15 + line 16)		337.1
	<u>Determination of Total Current Income Taxes</u>		
18	Taxable Income After Loss Carry-Over (from line 17)		337.1
19	Income Tax Rate - Current		25.00%
20	Income Taxes - Current (line 18 x line 19)		84.3
	<u>Determination of Total Deferred Income Taxes</u>		
21	Total Net Temporary Differences (line 9 - line 14)		300.8
22	Income Tax Rate - Deferred		25.00%
23	Deferred Income Taxes (line 21 x -1 x line 22)		(75.2)
24	Tax Loss / Tax Loss Carry-Over (line 15 or line 16)		0.0
25	Income Tax Rate		25.00%
26	Deferred Income Taxes - Tax Loss / Tax Loss Carry-Over (line 24 x line 25)		0.0
27	Deferred Income Taxes - Total (line 23 + line 26)		(75.2)
	<u>Income Tax Rate - Current</u>		
28	Federal Tax		15.00%
29	Provincial Tax net of Manufacturing & Processing Profits Deduction		10.00%
30	Total Income Tax Rate - Current		25.00%
	<u>Income Tax Rate - Long-Term</u>		
31	Federal Tax		15.00%
32	Provincial Tax net of Manufacturing & Processing Profits Deduction		10.00%
33	Total Income Tax Rate - Long-Term		25.00%

Notes:

- Earnings (Loss) Before Tax is derived as the difference between Total Revenues in Ex. L-A1-CCC-001, Table 68, Line 8 and Total Costs Before Income Tax in Ex. L-A1-CCC-001, Table 69, Line 8.

CCC Interrogatory #009

Interrogatory

Reference:

Exhibit A1, Tab 4, Schedule 1, Attachment 4, pp. 13, 22, 31-32, 49-50, 81

Question(s):

- a) Please provide all of the internal audits with a yellow or red report rating as listed in Exhibit A1, Tab 4, Schedule 1, Attachment 4.
- b) Please discuss the implications of certain fleet assets being acquired outside of the Fleet Management group. As part of the response, provide the total cost of the fleet assets procured outside of the Fleet Management group.
- c) Please provide a brief summary and the costs of the following projects (broken out between capital and operations):
 - i. Re-Imagine 1.0
 - ii. RG Turbine Generator Overhaul
- d) Please file the 24-15 DNNP Business Case and Release Quality estimate audit.

Response

- a) Internal audits with a yellow or red report rating as listed in Ex. A1-4-1, Attachment 4 are provided in Chart 1.

Chart 1 - Yellow or Red Internal Audit Documents

Internal Audit Document Name	Attachment #
20-06 CIO Insider Threat Data Loss Prevention (ARC 2020 Q4)	Attachment 1 (confidential)
21-03 Business Case Summary (ARC 2021 Q4)	Attachment 2
21-04 Network Security, Threat & Vulnerability Management (ARC 2021 Q3)	Attachment 3 (confidential)
21-14 Fleet Management (ARC 2021 Q2)	Attachment 4
21-21 Right Work, Right Time, Right Value ("RWRTRV") - Station Productivity Initiative (ARC 2021 Q3)	Attachment 5
21-31 Shared Services Re-Imagine 1.0 (ARC 2021 Q4)	Attachment 6
22-03 Software Management (ARC 2022 Q1)	Attachment 7 (confidential)
22-08 Climate Change Strategy (ARC 2022 Q2)	Attachment 8
22-09 Pickering Inventory Management (ARC 2022 Q4)	Attachment 9
22-11 Market Renewal – Change Implementation (ARC 2022 Q2)	Attachment 10
22-12 RG Turbine Generator Overhaul Program (ARC 2022 Q4)	Attachment 11 (confidential)
22-19 Indigenous Relations (ARC 2022 Q4)	Attachment 12 (confidential)
~~22-21 RWRTRV Station Productivity Initiative (ARC 2022 Q4)~~	See Note 1
22-23 North American Electric Reliability Corporation ("NERC") Reliability Standards Compliance – Renewable Generation ("RG") (ARC 2022 Q4)	Attachment 13
23-02 IT Project Delivery (ARC 2023 Q2)	Attachment 14
23-04 Cyber Security Operations Centre (ARC 2023 Q4)	Attachment 15 (confidential)
23-06 Recruitment and Onboarding (ARC 2023 Q2)	Attachment 16 (confidential)
23-08 Nuclear Work Order Materials Management (ARC 2023 Q3)	Attachment 17
23-11 Asset Management & Maintenance Strategy (ARC 2023 Q2)	Attachment 18
23-15 Quality Management Program (ARC 2023 Q3)	Attachment 19
23-28 Market Renewal Program (ARC 2023 Q4)	Attachment 20
23-31 Third Party Risk Management (ARC 2023 Q4)	Attachment 21 (confidential)
24-01 Artificial Intelligence ("AI") Governance (ARC 2024 Q1)	Attachment 22 (confidential)

24-08 Long Lead Material Procurement & Supplier Capacity Risk Mitigation (ARC 2024 Q2)	Attachment 23 (confidential)
24-11 Employees' Business Travel & Expenses (ARC 2024 Q3)	Attachment 24
24-13 Severe Weather Preparedness (ARC 2024 Q2)	Attachment 25
24-14 Security Incident and Crisis Management (ARC 2024 Q4)	Attachment 26 (confidential)
25-09 Pension and Benefits Administration (ARC 2025 Q2)	Attachment 27

Note 1: In the course of responding to this interrogatory, OPG noted the 22-21 audit report was incorrectly identified in Ex. A1-04-01, Attachment 4. Audit 22-21 refers to the Board of Directors – 2021 Business Expenses audit report (February 14, 2022) with a green report rating and no findings. The RWRTRV audit is captured in the 21-21 audit report and is provided in Attachment 5.

b) For details regarding the cost and the potential implications of the one identified fleet asset being acquired outside of the Fleet Management group, refer to Finding 2 in Attachment 4. These assets remain subject to existing procurement policies and oversight and are tracked through the Preferred Fleet Vendor (PFV) system where applicable. All noted management actions have been completed.

c)

i. The total project costs (Total OPG) for Re-imagine 1.0 are outlined in Chart 2 below. The associated nuclear asset service fees included in the approved nuclear revenue requirements over the 2022-2026 period are shown in Ex. L-A1-Staff-013. There are no amounts for Re-Imagine 1.0 included in the proposed revenue requirements in this Application as the project was fully depreciated before 2027.

Chart 2 – Reimagine 1.0 Total Project Costs

	2019	2020	2021	Total
Capital	\$12.2M	\$5.3M	\$0	\$17.5
OM&A	Nil	Nil	Nil	Nil

ii. The “RG Turbine Generator Overhaul” audit as referenced in Ex. A1-4-1, Attachment 4, refers to a program consisting of multiple projects; it is not a singular project.

As described in Ex. F1-1-1, p. 5, overhaul projects involve significant OM&A maintenance activities to sustain reliable operations of the turbine-generator equipment and related systems. There is no capital spend associated with overhaul projects.

- 1 A summary of the costs associated with overhaul projects for 2022-2026 is
2 provided in Ex. L-F1-SEC-156, Attachment 1. Forecast costs for overhaul
3 projects for 2027 are provided in Ex. L-F1-AMPCO-092.
4
5 d) Refer to Ex. D2-Staff-131, Attachment 3.



Internal Audit

CIO Insider Threat Data Loss Prevention Audit

December 17, 2020

Report Rating:

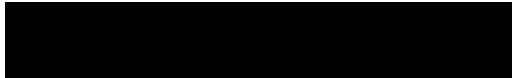


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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: [REDACTED]

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]				
3	[REDACTED]				
4	[REDACTED]				
5	[REDACTED]				
6	[REDACTED]				
7	[REDACTED]				
Total					

1.2 Background

'Insider Threat' refers to the potential for an authorized person within the company to act in a manner, whether malicious or unintended, which causes damage to the organization. The person could be an employee, contractor, or someone affiliated with a third party with access to OPG facilities, systems or data. In a cyber security context, the action could range from malicious theft of sensitive data to unwittingly infecting the network with a computer virus.

With the increased number of employees working remotely due to the COVID-19 pandemic, there was an increased focus on insider threat as the company had expanded its capacity to enable employees to logon remotely through tools such as the Microsoft Application Launcher.

In recent years, the CIO organization has carried out a number of activities to further mitigate insider threat risks, including the following:

- An [REDACTED] as well as 'red team' and 'blue team' assessments²;
- An industry benchmarking exercise carried out in February 2019 to assess the maturity of OPG's data loss protection activities;
- An exercise in Q2-Q3 2019 with the Enterprise Risk Management organization to help business owners identify and assess sensitive data and related controls; and
- Updating cyber security training content to include insider threat considerations.

The CIO organization was addressing some of the observations from these exercises, including the implementation of controls to further harden workstations and other endpoint devices to prevent data exfiltration.

¹ Please refer to Appendix B for risk rating definitions

² 'Red team' and 'blue team' assessments are tests of cyber security controls, respectively using active ('red') infiltration techniques to simulate attacks and passive ('blue') reviews of defensive capabilities.

This was a risk-based audit identified in Internal Audit's ("IA") 2020 Audit Plan. The audit was performed as information security risks had been identified as priority risks in OPG's enterprise risk profile, and the heightened focus of insider threat risks in the industry.

1.3 Objective & Scope

The objective of this audit was to assess the design and operating effectiveness of controls implemented as part of the CIO Cyber Security program to prevent unauthorized access to, and loss of, sensitive data. To achieve the audit objective, we reviewed processes and tested, on a sample basis, whether:

A. Asset management
- Cyber security assessments were conducted for assets introduced into the environment to determine vulnerability, and assets were hardened as appropriate; and - System and data assets were classified and prioritized based on data sensitivity.
B. Identity and access management
- Access was provisioned on a needs basis and revoked when no longer required; - Potentially conflicting access combinations were minimized and monitored; - Access to systems with sensitive data was logged and stored for a timeframe based on sensitivity, and interactive account activity was traceable to individuals; - Privileged and remote access was restricted through additional security; and - Access to systems and data via the Microsoft App Launcher was provided consistent with the controls expected for the applications accessible via that mechanism.
C. Cyber security awareness and training
- Mandatory user training covered data loss vectors (e.g. email exfiltration, removable media, unsecured file transfer, unapproved applications and malware), and was updated regularly to address emerging risk areas; and - Results of training evaluation exercises (e.g. simulated phishing attacks) were reviewed and actions taken where required.
D. Systems and data protection
- Sensitive systems and data were protected according to their classification, including storage, transmission, and destruction; - Common modes of data transmission that are prone to loss were limited for sensitive data, including printing and scanning, email transmission to non-OPG email addresses, storage on removable media devices, and electronic transmission over connections other than the corporate network (e.g. FTP or personal networks); and - Software programs were verified for integrity and security prior to end-user installation.
E. Detection of events
- Insider threat was considered when identifying risks in the IT Risk Register; - Access to systems with sensitive data was monitored for unusual activities, and the incident response process triggered as appropriate; - Periodic monitoring or reviews were conducted to assess protective measures' effectiveness, and identify cybersecurity events that may impact systems with sensitive data; and - Insider threat exercises were conducted periodically.
F. Fraud considerations
No additional fraud risks identified.

Scope Period: The scope included activities between July 1, 2019 and June 30, 2020, and precursor activities.

As part of this audit, IA also reviewed and assessed the progress of actions taken to address observations from external assessments and benchmarking activities in November 2018 and February 2019.

Scope Exclusions: The following were not covered in this audit:

- [REDACTED]
- Activities within the responsibility of [REDACTED]
- [REDACTED]
- [REDACTED]

1.4 Conclusion

Overall the processes and controls over Insider Threat Data Loss Prevention (“DLP”) [REDACTED]
[REDACTED]
[REDACTED]

Positive observations

- The CIO Cyber Security insider threat control framework is designed and implemented around the “Defense in Depth” concept, where a series of security mechanisms and controls are layered throughout the IT environment to protect sensitive information. This concept significantly mitigates the risk of operational impact from the failure of one control through the safeguards provided by other controls, including:
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- The new Roadmap formulated by management addresses foundational aspects in a wide range of cyber security areas including DLP, Identity and Access Management, and third party risk management; and
- Cyber security initiatives to date appear to have established a reasonable framework to build further capabilities in DLP and other cyber security areas including designing secure systems, proactive risk management and supporting innovation across the organization.

Key Findings & Recommendations

- [REDACTED]
- A total of [REDACTED] phishing tests were conducted between July 2019 and June 2020, each covering all employees across the organization. The phishing test results included [REDACTED] individuals who failed the tests [REDACTED], and management indicated that [REDACTED] CIO management should develop targeted methods to address these failures, such as providing supervisors with reports on employees with repeat failures, and developing targeted remediation programs for these individuals;
- [REDACTED]
- [REDACTED]
- Writing data to removable storage media requires a security exemption, approved by CIO cyber security only where extenuating circumstances are demonstrated.
 - [REDACTED];
 - [REDACTED]
 - [REDACTED]

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Management has already begun to address some of the audit findings, including drafting an escalation policy for employees who repeatedly fail OPG's phishing test program and completing the review of recommendations from the [REDACTED] assessment. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impacts, audit recommendations and management action plans.

Opportunities for Improvement

- The CIO organization developed a number of governance documents identifying requirements for storing documents and data, such as [REDACTED]. However, requirements are not always clear for information and databases that are not part of Approved Information Management Systems ("AIMS"). CIO management should consider improving the clarity of these requirements including roles and responsibilities, and including definitions of terms such as "information" and "data";

20-06 CIO Insider Threat Data Loss Prevention

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- CIO management performs annual risk workshops at which values for impact and likelihood are identified for high level risk statements. CIO management should consider instead evaluating the impact and likelihood of risk using specific risk scenarios;
- The risks of [REDACTED]
[REDACTED]
[REDACTED] cyber security awareness training. CIO management should consider updating training material to include this risk; and
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings and recommendations which have been risk rated based on the definitions outlined in Appendix B.

1.	
[REDACTED]	
Employees are able to connect to the Corporate network remotely using Virtual Private Network (“VPN”) software provided by OPG CIO. While the VPN software is available on OPG devices [REDACTED] [REDACTED]	
[REDACTED]	
[REDACTED]	
In mitigation, it is noted that access to [REDACTED] documents is limited to individuals who have gone through an additional access request process including training, and security screening (e.g. site access security clearance for Nuclear personnel). At the time of the audit, access was limited to [REDACTED] people.	
Potential Causes & Impacts	
<u>Potential Cause:</u> Security assessments may not have been performed when the solutions were rolled out.	
<u>Potential Impact:</u> [REDACTED]	
Recommendation	
[REDACTED]	

20-06 CIO Insider Threat Data Loss Prevention

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Management Response

CIO cyber security management will assess technical solutions for addressing this risk. The solutions need to be carefully assessed to minimize business impact. Target date for confirming the solution has been provided below. CIO will provide a completion date to IA once the solution has been finalized.

[REDACTED]

2.

Phishing is the fraudulent practice of sending emails purporting to be from reputable sources to induce individuals to reveal personal information, such as passwords and credit card numbers. Usually this is done by getting the email recipient to click a link or open an attachment that either asks the user for sensitive information, or installs a virus or malware on the user's computer.

Between July 2019 and June 2020, OPG CIO ran phishing tests to educate users on the risks of such emails. As part of the test, a test email was sent to employees which was designed to appear legitimate. If a recipient clicked the link in the email or opened the attachment, they were alerted to the fact that they failed the test and were presented with educational information.

To mitigate the risk of operational impacts, additional controls are in place to prevent and detect malicious activity. These In addition, management indicated that, when phishing emails are received, a large number of users report the email to the CIO in a timely manner. The reporting allows CIO staff to take actions to neutralize the phishing attack. For example, in one phishing exercise, management was able to demonstrate that over users reported a phishing email, before the first failure was noted.

In addition, a benchmarking report by OPG's phishing test partner shows that OPG's phishing test failure rate ("susceptibility rate") of is better than other industry averages measured by . See Appendix A for a graph of this comparison from the report.

Potential Causes & Impacts

Potential Cause:

Potential Impacts:

-

Recommendation

CIO management should establish a policy to monitor phishing test results

Management Action Plan

CIO cyber security management has drafted a policy A plan for rollout of the new policy within OPG, including engagement with key stakeholders in the business, has also been finalized.

3.

An industry benchmarking exercise was conducted in late 2018 by the external firm [REDACTED] to assess the maturity of [REDACTED]. The report from that exercise was provided to the CIO organization in February 2019 and included [REDACTED] observations across ten key domains: [REDACTED]

The exercise recommended that OPG establish a formalized [REDACTED] program and address the observations from the study, including areas where OPG [REDACTED]

Management had indicated that, while the recommendations [REDACTED]

Potential Cause & Impact

Potential Cause:

[REDACTED]

Potential Impacts:

[REDACTED]

Recommendation

CIO management should:

- Review the reports and confirm the observations that should be fixed;
- Prioritize initiatives to fix the issues;
- [REDACTED]

[REDACTED]

Management Response

Management has completed the review of the [REDACTED] and confirmed the initiatives that will be included in the Cyber Security Roadmap.

[REDACTED]

4.

Based on the governing standards on Protecting OPG's Information and Intellectual Property (OPG-STD-0030), employees who have been provided electronic access to documents classified as

[REDACTED]

IA reviewed the [REDACTED]

[REDACTED]

Potential Causes & Impacts

Potential Cause:

[REDACTED] The access review was in progress during the audit.

Potential Impact:

[REDACTED]

Recommendation

CIO management should:

- [REDACTED]
- [REDACTED]

Management Action Plan

CIO management [REDACTED].

[REDACTED]

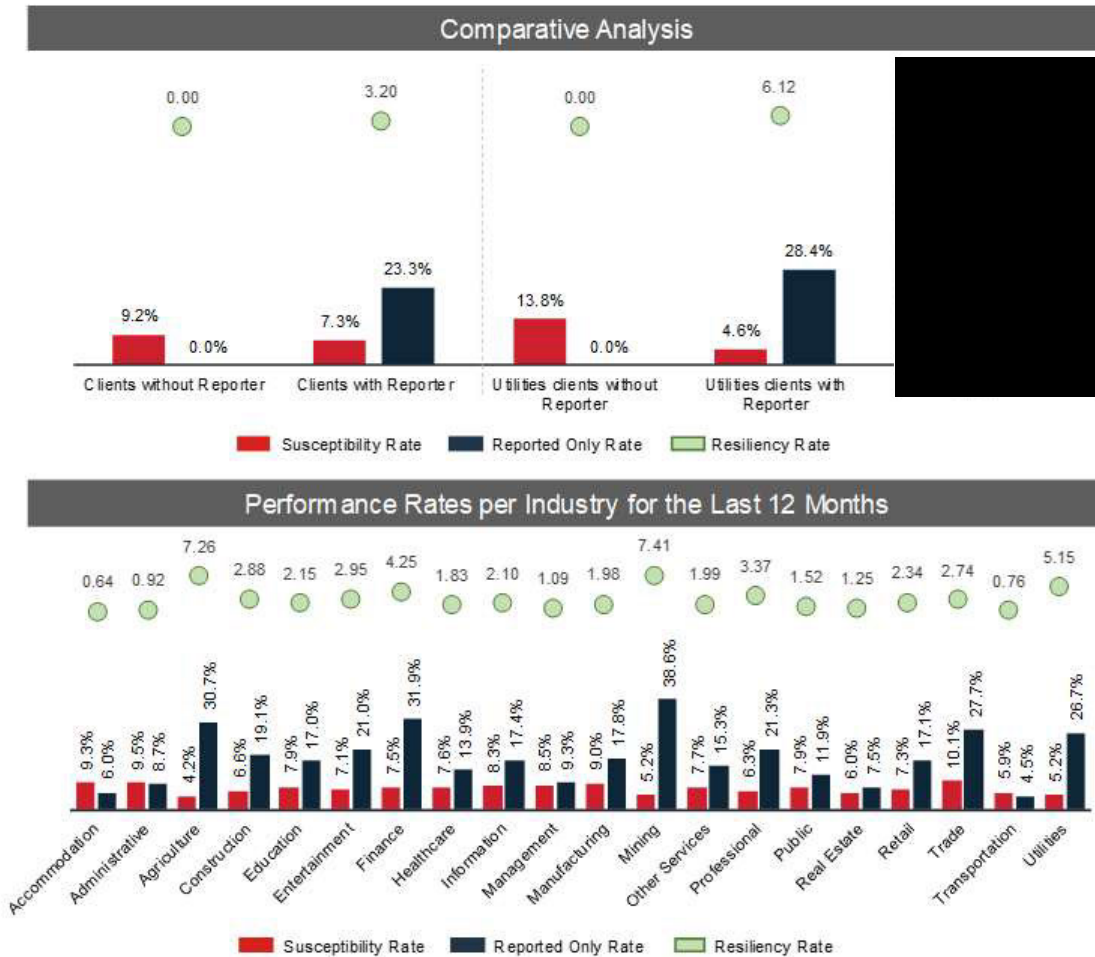
[REDACTED]

[REDACTED]

7.	
The CIO organization developed a number of governance documents identifying requirements for storing documents and data such as encryption and access control procedures. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	
Potential Causes & Impacts	
<u>Potential Cause:</u> [REDACTED] [REDACTED] [REDACTED] [REDACTED] <u>Potential Impact:</u> [REDACTED] [REDACTED]	
Recommendation	
CIO management should prioritize and implement [REDACTED] initiative.	
Management Action Plan	
[REDACTED] [REDACTED] [REDACTED]	

APPENDIX A – PHISHING BENCHMARKING STUDY ANALYSIS

Extract from the report of a benchmarking study provided by OPG's phishing test partner, [REDACTED]



Susceptibility Rate (Susceptible Recipients / Emails delivered)

This rate shows how many users were susceptible to the scenario versus the total number of emails delivered.

Reporter Rate (Users who reported only / Emails delivered)

This is the percentage of users that reported the email, without being susceptible to it, compared to the total number of users who received the email.

Resiliency Rate (Reported only rate / Susceptibility rate)

This is the percentage of users who reported the email, without being susceptible to it, compared to the percentage of users who fell susceptible.

APPENDIX B – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX C – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

Chris Ginther

Chief Administrative Officer

Jason Wight

SVP Innovation and Chief Information Officer

[REDACTED]
[REDACTED]

cc:	Ken Hartwick	President & Chief Executive Officer
	John Mauti	SVP Finance and Chief Financial Officer
	Barbara Kerr	VP Controllershship
	Kim Bosselle	Director CIO IT Projects
	Heather Young	Director CIO IT Portfolio Planning & Controls
	Adam Chiarandini	Director Enterprise Risk Management
	Janice Ding	Director Internal Audit
	Warren Hobbs	Director CIO Cyber Security
	Chris Woodcock	Director IT Services
	Nancy Woodward	Senior Manager IT Program



Internal Audit

Business Case Summary

January 14, 2022

Report Rating: **Requires Improvement**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: **Requires Improvement**

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Review and performance activities within BCSs were inconsistently executed.	Operational	X		
2	The Post Implementation Review ("PIR") Procedure had not been reviewed since 2010, and its requirements were not consistently applied.	Operational		X	
3	BCS guidance documents and rates used for project assessment were not periodically updated.	Operational			X
Total		3	1	1	1

1.2 Background

OPG established a business case approval process to ensure that a standard methodology is followed to document, evaluate and approve project proposals and associated expenditures across the organization. The Investment Management group within Finance has a suite of governance to define the business case requirements and provide stakeholders with guidance over the process. Core governance documents include OPG-STD-0076, *Developing and Documenting Business Cases*, as well as other associated forms and templates.

A Business Case Summary ("BCS") typically includes a recommendation for expenditure, a description of the underlying business needs, the estimated project cost and timing of cash flows, the project's net present value, an analysis of alternatives (considering scope, costs, schedule, benefits and risks) and a risk management plan. The BCS process is used for projects and investments. OPG's BCS template is intended to facilitate a holistic analysis of the proposed expenditure and is scalable depending on the project's complexity. The BCS also serves to support and illustrate prudent decision-making.

The organization executing the project, investment or initiative is responsible for preparing the BCS. A due diligence review is performed by Finance (either Investment Management or local Operations Controllershship) and the appropriate governing body (as applicable, such as the Project Management Oversight Committee) before the BCS is submitted to the appropriate line management for final approval in accordance with OPG-STD-0017, *Organizational Authority Register* ("OAR"). Finance's review is intended to ensure compliance with governance, appropriateness and accuracy of the financial analysis, consideration of business implications and the impact on the business plan.

This audit was identified in Internal Audit's ("IA") 2021 Audit Plan, given the significant budget allocated to projects enterprise-wide on an annual basis.

¹ Please refer to Appendix B for risk rating definitions

1.3 Objective & Scope

The objective of this audit was to assess whether the processes and controls over the BCS process had been designed and operating effectively to ensure funding decisions were supported by business cases and appropriate due diligence and approvals. In order to achieve the audit objective, we reviewed the process and tested, on a sample basis, whether:

A. Governance
• Policies and procedures have been established to provide stakeholders with adequate guidance to prepare business cases; and • Approved templates were used to document business cases and support analysis.
B. Value proposition
• The business need and value proposition of the project has been documented; and • Alternatives were identified and analyzed to justify the preferred action where appropriate, (e.g. for value-enhancing projects or high cost/complexity projects), and rationale has been documented where no alternatives are considered.
C. BCS Approval
• BCS has been approved by the appropriate level of Finance and Line Management. Funds were not released until all required approvals had been obtained; • Finance and Line Management exercised appropriate levels of diligence before the approval of the BCS request; • Budgets were taken into consideration when evaluating and approving BCS; and • Material changes in scope and/or estimated costs (e.g. scope additions/removals) were approved prior to the release of additional funding.
D. Cost Estimates
• Cost estimates were comprehensive and adequately supported; • Cost estimates were split between OM&A and capital, consistent with applicable governance (e.g. FIN-STD-0030); • Financial evaluation and net present value analysis were prepared to support decision-making for applicable projects, and reasonable assumptions were applied in the analysis and were documented where material; and • Reasonable rates were used for project cost escalation and interest capitalization.
E. Risk Assessment
• A comprehensive risk assessment for the proposed project was completed and documented where appropriate.
F. Performance Monitoring
• Project goals (e.g. economic / efficiency targets, desired outcomes) were defined in the BCS and monitored for value realization subsequent to project's implementation; and • Performance was monitored to assess the quality of the BCS (e.g. PIR/PCR results).
G. Fraud Considerations
• No significant fraud risks were identified for inclusion within scope.
H. Opportunities for Improvement
• There were potential opportunities for cost recoveries and savings related to the efficiency of processes and documentation (e.g. automation, duplication of activities).

Scope Period: The scope included activities from January 1, 2020, to September 30, 2021, and precursor activities from prior periods where applicable.

1.4 Conclusion

Overall, IA noted that the design and operating effectiveness of the processes and controls over the BCS process (e.g. completeness of support documentation, appropriate approval, and completion of PIR activities) requires improvement. A summary of positive observations, key audit findings and recommendations is provided below.

Positive Observations

- Management is working on making the BCS process more efficient through automation by using a system called ePMX, which is expected to enhance oversight and improve consistency regarding documentation and workflow across business units;
- The correct BCS template were used across business units, thus providing consistency, and ensuring the same set of information is collected and reviewed for prospective projects; and
- Prior to the audit, Management had identified the resources needed to improve the coverage of BCS reviews on an ongoing basis. As at the date of this report, the team's resourcing strategy is being executed as part of the improvement.

Key Findings & Recommendations

- Review and performance activities that are required in the preparation of BCSs were inconsistently executed. IA identified exceptions covering different activities within the BCS preparation and review process, including instances of BCSs that were not accompanied with basis of estimate documentation, not being approved by individuals with sufficient authority, and superseding BCSs that were not accompanied with the justification for additional funding. In addition, instances of BCSs with some internal inconsistencies in financial information were identified. Management should continue to explore opportunities to incorporate automation in the BCS process, establishing appropriate workflow and approval rules/protocols based on the nature of the BCS, and reducing the number of manual inputs into areas of the BCS which provide duplicative information to ensure greater internal consistency. As at the time of this report, ePMX is active and Management is testing a new module within the ePMX system, which may be a solution in accordance with IA's recommendation; and
- The PIR Procedure (OPG-PROC-0056) had not been reviewed since 2010, and its requirements were not consistently followed by project teams. IA's review noted the appropriate types of PIR (simplified versus comprehensive) were not consistently performed, performance targets were not always measurable, and timing of PIRs did not always enable a full assessment of the project benefits. Management should establish the group responsible for reviewing and updating OPG-PROC-0056 on a periodic basis and explore automation opportunities concurrent with the automation of the BCS process to ensure greater consistency in PIR planning and execution.

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impacts, audit recommendations and management action plans.

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix B.

1. Review and performance activities within BCSs were inconsistently executed.	High
The <i>Developing and Documenting Business Cases</i> Standard (OPG-STD-0076) requires an identified approver from the Finance organization to assess the BCS for, among other criteria, project economics including the financial evaluation, business implications including the impact on the business plan, and reporting consistency. The development and documentation of business cases is applicable to all projects at OPG, irrespective of the magnitude of the project. IA observed that the decentralized and largely manual nature of the BCS process led to inconsistent execution of required review and performance activities across various BCSs. IA sampled 41 BCSs across the organization from a total of 472 BCSs completed during the audit scope period. From the sample, the following observations were noted²: a) Basis of estimate documentation supporting BCS proposal An important consideration in reviewing a BCS for approval involves the project cost estimate, which forms the basis for project planning, decisions, value and performance. During the audit, IA noted five instances where the basis of estimate documentation was not available to support how project costs were determined and the estimate class (i.e. impacting the precision of the project cost estimate). b) Approval limits and authorities The OAR provides a framework of delegated authorities and position holders to whom authority is delegated. OPG-STD-0017 provides a listing of allowable dollar limits for the final approval of financial transactions for given position holders, with OAR elements 1.1 and 1.2 being applicable for any BCS covering Projects and Investments. In executing the testing of OAR approvals, IA noted the following: - Two instances were identified where amounts were approved above the reviewer's OAR limits. In both instances, the reviewer had an approval limit of \$1 million, but approved BCSs worth amounts of \$4.1 million and \$1.6 million, respectively; - Four instances were identified where the BCSs were incorrectly listed as "in-budget" projects, as the projects had not been included in the approved business plans. In one of these instances, a Project Director with an OAR authority of \$1M for "out-of-budget" BCSs approved a BCS for \$3.1 million, while another minor (i.e. less than \$100,000) BCS was approved by an individual who did not have OAR authority to approve out of budget projects; - Five instances were identified where the Execution Authority approver was not within their authorization limit defined in OPG-STD-0076; and - Three instances where gate approval was not obtained prior to the BCS OAR approval. An additional nine BCSs were identified where gate packages were not available to demonstrate that gate approval was obtained. Four of the nine instances were from the Renewable Generation ("RG") business unit, where gate packages were normally not prepared for the project initiation gate or projects with a small estimated overall cost (i.e. less than \$2 million total project cost), per RG regional guidance;	

² For all of the exceptions identified in categories a) through d), each project that each underlying BCS related to was less than \$20 million in value.

c) Timeliness of BCS approval versus release of funds

OPG-STD-0076 notes that a BCS should be approved by the required OAR signatories prior to the release of funding from Finance. IA noted the following observations from the sample of BCS tested:

- Three instances were identified where evidence was not maintained to support that project funds were released only after BCS approval; and
- One instance was noted where the BCS was prepared subsequent to the release of funds.

d) Superseding BCS approvals

OPG-STD-0076 notes that a superseding BCS release is required where additional expenditures are being requested to complete the work previously approved in a Full Release BCS by more than 20% of the previously approved OAR amount, or where there is a material change in the scope of the project.

During the audit, IA found four instances of superseding BCSs in the IT Projects organization where a written variance explanation and justification for the additional funding was not included.

In addition to the exceptions above, five instances were identified where financial information included in the BCS tables (e.g. investment cash flow, summary of estimate) and the narrative in the BCS recommendation were inconsistent. Refer to Appendix A for the details of the noted inconsistencies.

Potential Cause & Impact

Potential Causes:

- The manual procedures to be executed during the BCS review process present a greater risk of human error, including in the sequencing of review activities and approvals occurring beyond individuals' assigned OAR limits;
- BCSs were reviewed by different organizations within Controllershship, depending on the BUs that created the BCSs. Given the manual and decentralized nature of the review process, the depth of review could have been different amongst groups;
- Projects with a lower dollar value may not have been reviewed with the same rigour as higher value projects; and
- Changes in both personnel and the business units' organizational structures during the audit scope period may have led to a lack of consistent understanding of responsibilities in the BCS review process.

Potential Impact:

- There is a risk that business cases may be inappropriately approved, or approved in error, due to a variety of reasons:
 - BCS being approved without basis of estimate documentation to facilitate review;
 - BCS being approved by personnel without the requisite authority per OPG's OAR;
 - Funds being released prior to the BCS approval process being finalized; or
 - Project expenditures that exceed initial BCS approvals being approved without sufficient information outlining the business rationale for the additional expenditures.

21-03 Business Case Summary

OPG CONFIDENTIAL

Recommendation

Management should:

- Continue with the current ePMX implementation as planned, including the use of ePMX system to store all supporting documentation related to the BCS approval process, automate work flow and approval processes and strengthen internal consistency of financial information within the BCS. In addition, management should explore opportunities to incorporate greater automation into the BCS process.
- Establish a mechanism which guides Finance's review to ensure consistency amongst reviewers when undertaking a review.

Management Action Plan

1. A combined Gate Progression Form/Business Case Summary module is currently being tested within ePMX. This module will ensure the following:

- Life-to-date ("LTD") amounts are aligned to financial systems;
- Automated workflow to link to and notify Finance to release funding, once the BCS is approved (and exploring feasibility of linking directly to funding release in a future module); and
- Automated workflow to ensure the preparation and record-keeping of the Gate Progression Form, prior to BCS approval.

Additional enhancements to the Digital BCS is planned to include the following:

- Constraint to verify OAR Element against the approved Business Plan;
- Constraints to ensure Costing tables totals are aligned; and
- The requirement to include the basis of estimate to support the BCS.

In addition, we will explore feasibility of using ePMX to address the in-budget vs. out-of-budget observation in a future module.

Action Owner: Michael Wang, Manager, Project Controls

Target Completion Date: September 30, 2022

2. Investment Management to provide a guidance roll-out for BCS Stakeholders/approvers to reinforce expectations on the following:

- Finance's role in approving BCSs and guidance on best practices in reviewing;
- OAR Signatory and Element identification;
- Executive Authority Approval identification; and
- Gate Progression Form requirements.

Action Owner: Silvester Wong, Senior Manager, Investment Management

Target Completion Date: September 30, 2022

2. The PIR Procedure had not been reviewed since 2010, and its requirements were not consistently applied.

Moderate

The *Post Implementation Review* procedure document (OPG-PROC-0056) covers the principles and processes to be followed and specifies responsibilities for completing PIRs of projects. While OPG-PROC-0056 has a three-year review cycle in accordance with OPG Governance requirements, it was last reviewed and updated in May 2010.

IA's review of 50 BCSs and PIRs noted inconsistencies in the adherence to the PIR procedure. IA observed the following:

Extent of PIR review

OPG-PROC-0056 states that a Comprehensive PIR ("CPIR") is required for projects which meet the criteria outlined in the procedure, while a Simplified PIR ("SPIR") is required for all other projects that are greater than \$200,000 in total value. A CPIR is a more comprehensive assessment of the project (i.e. has greater independence and objectivity), and includes an assessment of the project execution, scope and resource management, and risk management practices, as well as a further review of the quality and effectiveness of the initial BCS. IA's review identified the following:

- Three ongoing projects were identified where management should have considered completing a CPIR at the end of the project instead of a SPIR as the value of the projects was greater than \$25 million as recommended by OPG-PROC-0056. The estimated cost of the three projects ranged from \$50 million to \$165 million;
- A Project Closure Report ("PCR") is used to document relevant project closure information and approving the decision to close a project once completed. While OPG-PROC-0056 allows the use of a PCR in place of a SPIR for projects with straightforward deliverables, this process should be identified in the PIR plan within the BCS. IA identified two instances where a PCR was used instead of a SPIR, with the intent not documented in the BCS; and
- One instance was identified where the PIR plan was not established at the beginning of the project to identify the type of PIR to be performed, and the Key Performance Indicators ("KPIs") to be assessed at the end of the project.

Development of SMART KPIs

OPG-PROC-0056 notes that the measures used to develop the PIR plan for a particular project must be "SMART" measures (i.e. Specific, Measurable, Achievable, Realistic, Quantifiable and Timely"). Based on IA's review, the following observations were noted:

- Two instances were noted where the project's PIR Plan included a narrative describing the expected project benefits, but did not include measurable metrics to assess them;
- Four instances were identified where the KPIs listed in the project's PIR plan were not assessed when the PIR was performed at the end of the project; and
- Two instances were identified for longer-term projects (i.e. greater than 5 years in duration) where the PIR timelines that had been developed in the definition phase were too early to adequately evaluate the majority of the investment benefits.

Timeliness of PIR execution and timeframe for PIR assessment

OPG-PROC-0056 states that PIRs should be completed in a timely manner following the completion of a project. SPIRs should be completed no later than 6 months following project completion, while CPIRs should be completed within 12 months of project completion. IA identified eight instances where PIRs were not performed in accordance with these timeframes, with six exceeding a period of 12 months since the project in-service date.

Potential Cause & Impact

Potential Causes:

- The group responsible for maintaining the PIR Procedure during the 2010 revision (i.e. Corporate Investment Planning) no longer exists following organizational changes, and this responsibility may not have been subsequently assigned to another department;
- Greater focus may have been placed on reviewing other parts of the BCS rather than the PIR Plan, given the execution of the plan will only take place following the completion of the project; and
- PIR preparers and reviewers may not consistently refer to the PIR plan when performing the PIR.
- There were inconsistencies in the guidance related to the requirement to complete a CPIR i.e. use of “shall” and “may” in different sections of the Governance.

Potential Impact:

- A lack of review and update of the PIR Procedure may lead to new developments in the BCS process not being reflected in the procedure, or result in opportunities to critically assess the effectiveness and efficiency of the tasks in the procedure being forgone;
- Utilizing a SPIR process for more significant projects may result in review activities, such as an assessment of the success of project risk management activities and content of the BCS, not being subject to an arms-length review where deemed necessary;
- A lack of SMART baseline and target metrics may present challenges to objectively assess whether measurable benefits were achieved at the projects’ conclusion; and
- If PIRs are not performed in a timely manner, the benefits from the lessons learned exercise may be identified too late to be applied to other projects.

Recommendation

Management should:

- Define the group, including document owner and single-point-of-contact, that will be responsible for reviewing and maintaining the PIR Procedure in line with OPG Governance requirements;
- Provide OPG-PROC-0056 requirements training to individuals within Finance who have a role in reviewing and approving PIRs. The training and PIR guides should pay particular attention to providing examples of good PIR Plans and timelines as well as common SMART measures for “typical” OPG projects; and
- Consider developing rules within the digital BCS which would direct the project team down the CPIR route for applicable projects as part of the ePMX implementation noted in issue 1 above. Additionally, management should consider developing automatic reminders when PIR assessments are coming due to ensure timely completion.

Management Action Plan

The procedure will be reviewed and updated with an enhanced process. The roll out of the new procedure will include communication with key stakeholders regarding expectations.

Action Owner: Silvester Wong, Senior Manager, Investment Management

Target Completion Date: December 31, 2022

3. BCS guidance documents and rates used for project assessment were not periodically updated.	Low
Governance and guidance documents should be continuously reviewed and updated periodically to reflect best business practices and ensure consistency with other guidance documents. IA's review of BCS guidance documents noted the following: - The discount rate that BUs have been instructed to use to assess the economic benefits of regulated (7%) and non-regulated (9%) projects had not been formally reviewed and adjusted since 2013. While Management indicated that they informally reviewed these discount rates on a periodic basis and decided to maintain the rates to reflect a long term view, IA was not able to obtain evidence of the reviews performed; and - Inconsistencies in the guidance on rates to be used for interest capitalization and escalation were noted between two documents within the Investment Planning Toolkit, which is a guidance toolkit for BCS preparers. Specifically, the BCS checklist specified the rates to be 5% for interest capitalization and 2% for escalation, while the spreadsheet provided as part of the toolkit included the rate of 4.33% for interest capitalization and a range of acceptable escalation rates. For 15 out of 25 BCSs sampled, IA noted project teams applied various interest capitalization rates ranging from 4.33% to 5% based on project specific factors such as project length. While Finance determined this practice to be reasonable, the toolkit did not include guidance on the situations where an interest capitalization rate can be adjusted to account for these factors.	
Potential Cause & Impact	
<u>Potential Causes:</u> - The frequency and process to review important rates within BCS financial analyses (e.g. discount rates, interest capitalization rates, escalation rates) was not defined, and the organization previously responsible for reviewing the rate and updating guidance (i.e. Corporate Investment Planning) no longer exists following organization changes; - Based on the established rates within the guidance, movements in rates may not have been considered to have a material impact on project economics; and - The primary purpose of the BCS Checklist was intended to be a guide for those who are new to preparing BCSs; therefore, the document review may have occurred infrequently. <u>Potential Impact:</u> - Inappropriate rates may be used by project teams in assessing project economics, which could impact project assessment decisions; and - As interest rates have generally reduced since 2013 (the date of the last update to the BCS guidance), the use of a lower discount rate would have increased a project's calculated Net Present Value. During the audit, IA did not identify any instances where a project's profitability was impacted as a result of using an outdated discount rate.	

21-03 Business Case Summary

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Recommendation

Management should:

- Define the group, including the document owner and single-point-of-contact, that will be responsible for reviewing economic rate guidance on a periodic basis; and
- Define the review period for assessing any significant updates to economic rates. This should also consider incorporating external factors into the review cycle (e.g. significant increases in interest rates).

Management Action Plan

Management plans to formalize the review process and update the BCS Toolkit to remove any perceived inconsistencies.

Action Owner: Silvester Wong, Senior Manager, Investment Management

Target Completion Date: September 30, 2022

APPENDIX A – INTERNAL INCONSISTENCIES WITHIN BCS DOCUMENTS

The samples below were noted as having inconsistencies of financial amounts within the BCS document.

Project	Business Unit	Project Value \$'000	Comments
1	Nuclear	159,280	While the total project cost shown in the investment cashflow table and the summary of estimates table was the same, the split of the total cost between the LTD expenditure and 2020 expenditure columns was different. The investment cashflow table had an LTD expenditure amount of \$46,023K and the 2020 total cost as \$31,411K, while the summary of estimate table shows an LTD expenditure amount of \$57,005K and the 2020 total cost as \$20,430K.
2	Renewable Generation	3,832	The commentary within the BCS indicated a current release being sought of \$3,598K, while the investment cashflow table indicated a current release being sought of \$3,704K. It is noted that the final amount being released was \$3,598K.
3	Real Estate	2,931	While the total project cost shown in the investment cashflow table and the summary of estimates table was the same, the split of the total cost between the 2021 and 2022 expenditure columns was different. The investment cashflow table indicated the 2021 total project cost was \$2,931K and the 2022 total cost as nil, while the summary of estimate table showed the 2021 total cost as \$2,845K and the 2022 total cost as \$86K.
4	Real Estate	2,030	While the commentary within the BCS indicated that the total project cost of \$2,030K did not include any contingency amount, the summary of estimate table indicated a contingency amount of \$342K. In addition, the total project cost amounts within the table did not cross and down-add properly.
5	Renewable Generation	60	While the commentary within the BCS indicated that the release included a contingency amount of \$6K, the summary of estimates table showed the contingency amount as nil.

APPENDIX B – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX C – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

John Mauti

Senior Vice President, Finance and Chief Financial Officer

Alec Cheng

Vice President, Chief Controller and Accounting Officer

cc: Ken Hartwick	President and Chief Executive Officer
Maha Tam	Vice President, Controllershship
Adam Chiarandini	Director, Enterprise Risk Management
Janice Ding	Director, Internal Audit
Bryan Icyk	Director, Controllershship
Anthony Melaragno	Director, Business Planning & Regulatory Finance
Bryan Shaddock	Director, Controllershship
Joseph Ng	Senior Manager, Internal Audit
Angelo Pavia	Senior Manager, Investment Management
Silvester Wong	Senior Manager, Investment Management
Nellia Kamwendo	Manager, Internal Audit
Michael Wang	Manager, Project Controls



Internal Audit

Network Security, Threat & Vulnerability Management Audit

Date: September 27, 2021

Report Rating: [REDACTED]

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: [REDACTED]

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	[REDACTED]	[REDACTED]	[REDACTED]		
2	[REDACTED]				
3	[REDACTED]				
Total					

1.2 Background

OPG's information systems are potential targets for constantly evolving network security related attacks performed by parties motivated by varied interests. Such attacks can cause disruptions in operations, destruction / damage to infrastructure, systems or data, unauthorized access to systems and data, possible loss of privileged information and reputational damage. The growing frequency of cyber security attacks in general, and the high profile of OPG in the sector, significantly increases the risk of a successful attack if mitigating controls are not in place.

OPG had recognized risks associated with network security and had developed processes and controls in

[REDACTED]

[REDACTED] Threat and Vulnerability Management Procedure (IT-PROC-0002). Strategies to respond to and recover from cyber security incidents were documented in the Cyber Security Incident Response Guide (OPG-GUID-08161-0002).

This was a risk-based audit identified in Internal Audit's ("IA") 2021 Audit Plan and was performed as information security risks were identified as priority risks in OPG's enterprise risk profile.

¹ Please refer to Appendix A for risk rating definitions

1.4 Conclusion

[REDACTED]

Audit findings, along with positive observations, are summarized below.

Positive Observations

- CIO management had proactively identified a number of challenges associated with the programs established to manage network security, threats and vulnerabilities, and had initiated actions to remediate these items. These included:

- [REDACTED];
- [REDACTED]
- [REDACTED]

Key Findings & Recommendations

- [REDACTED]
- [REDACTED]

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impact, audit recommendations and management action plans.

Opportunities for Improvement

- [REDACTED]
[REDACTED] CIO should update the procedure document to clarify required actions.

[illegible]

Potential Causes & Impacts

Potential Causes:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Potential Impacts:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Recommendations

CIO management should:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

Management Action Plan

[REDACTED]

[REDACTED]

[REDACTED]

CIO management will:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]

[REDACTED]

[REDACTED]

2. [REDACTED]

Maintenance of an asset inventory is a foundational component of many cyber security controls. It provides a baseline of the environment where controls need to be applied, as well as being a reference point for corrective actions following an incident or vulnerability identification. Controls related to cyber security where implementation is hindered by an inaccurate or incomplete asset database include physical access restrictions, patch management and incident management.

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

[REDACTED]

It is noted that the CIO organization employs additional security controls [REDACTED]

Potential Causes & Impacts

Potential Causes:

- [REDACTED]
- [REDACTED]

Potential Impacts:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Recommendation

CIO IT Services management should:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

Management Action Plan

Prior to issuance of the report CIO IT Services management has:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]

[REDACTED]

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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	Nancy Woodward	Senior Manager IT Program
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Internal Audit

Fleet Management

June 30, 2021

Report Rating: **Requires Improvement**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: **Requires Improvement**

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Business Unit ("BU") Managers did not always fulfill their responsibilities to secure, maintain and monitor usage of fleet assets.	Operational	X		
2	Lease-versus-buy analysis was not performed as required, and some fleet assets were not acquired through the Fleet Management group.	Operational		X	
3	BU Managers were not informed when employees used the OPG Motor Pool (Enterprise CarShare).	Operational		X	
4	Fleet assets' utilization was not monitored and some assets were underutilized.	Operational		X	
5	Some employees used premium fuel for fleet assets although not required, resulting in higher costs to OPG.	Operational			X
Total		5	1	3	1

1.2 Background

The Supply Chain Fleet Management Services ("FMS") team maintains the process requirements used to manage OPG's transport and work equipment, and the administration of employer-provided vehicles. The fleet program includes cars, light trucks, non-standard vehicles (e.g. heavy trucks, trailers, snowmobiles, boats), and leased plant equipment. The assets could be license plated that operate on public roads, or non-license plated (i.e. assets that operate within the confines of a generating station).

Based on Supply Chain's Q4-2020 fleet overview, OPG fleet consisted of 1,230 (Q4-2019: 1,232) separately identifiable assets. Total expenditures for the fleet program was \$12.8 million in 2020, covering costs including fuel, maintenance and repairs, and depreciation.

The Supply Chain FMS team establishes the fleet program requirements, provides overall program oversight, and serves as the primary interface for the supplier Automotive Resources International ("ARI"). BU staff is expected to comply with the fleet management program, including securing the asset, maintenance, usage logging, licensing and usage of the fleet cards. Fleet cards are issued with each new vehicle for purchasing fuel and maintenance, which allows for the recording and tracking of expenditures. The program is governed by the Fleet Management Procedure (OPG-PROC-0162).

This audit was identified in Internal Audit's ("IA") 2021 Audit Plan, as a follow-up engagement to the 2018 Fleet Vehicle Management advisory review, and due to the increased risks of non-compliance to the fleet management program as the responsibility to manage fleet assets is widely distributed across the company.

¹ Please refer to Appendix B for risk rating definitions

1.3 Objective & Scope

The objective of this audit was to assess the design and operating effectiveness of key controls to ensure fleet assets were acquired based on business needs and properly maintained, fuel cards were used for their intended purposes (e.g. fuel and maintenance), and value-for-money was achieved (e.g. proper utilization, disposal). In order to achieve the audit objective, we reviewed the process and tested, on a sample basis, whether:

A. Governance and Contract Management
- Governance structure for the fleet management program, and business unit roles and responsibilities, are clearly defined and communicated to stakeholders; and - The fleet program supplier (ARI) complies with the terms of the contract with OPG, and recoveries are sought from the vendor where needed (e.g. volume rebates).
B. Order Processing
- Proper approvals are obtained for fleet requests; - Analysis is performed to determine whether assets should be leased or purchased; - Fleet requests are fulfilled taking into consideration the need to redeploy under-utilized assets and the goal to use electric vehicles where feasible; and - Fleet asset inventory is tracked to facilitate monitoring and analysis (e.g. fleet age, odometer readings, fuel usage, maintenance).
C. Usage Logging and Maintenance
- Vehicle keys are placed in secured locked location; - Vehicle usages are logged, log books are reviewed, and odometer readings are recorded; - De minimis personal use of fleet vehicles are tracked and reported for taxation purposes; - The fleet is maintained based on prescribed frequency and recoveries from warranty are sought where applicable; - Fleet assets are registered, licensed, and insured where needed; and - Assets with low usage or no longer required are identified and assessed prior to redeployment or disposal.
D. Fuel and Motor Pool Usage
- Fleet cards and shop cards are used only for their intended purpose to purchase fuel for OPG fleet assets only and pay for maintenance; - Unusual fuel usage (e.g. volume of fuel purchased greater than tank capacity) is identified and followed-up; and - OPG Motor Pool (Enterprise Carshare) is used by employees to fulfill short-term business requirements.
E. Fraud Considerations
Fleet assets are used for personal purposes and the usage is not consistent with the fleet management program (e.g. use of fleet card to purchase fuel for personal use).
F. Opportunities for Improvement
There are potential opportunities for cost recoveries and savings related to efficiency of processes and documentation (e.g. automation, duplication of activities).

Scope Period: The scope included activities from January 1, 2019 to December 31, 2020, and precursor activities from prior periods.

1.4 Conclusion

Overall, IA noted the Fleet Management program requires improvement. The program is largely decentralized, with BU managers having responsibility for ordering, maintenance, and identifying surplus assets. Achieving consistency on the application of Fleet Management practices across BUs is a challenge, as Fleet Management controls are manual and BU Managers have competing priorities and are in different geographical locations. Some of the observations noted in this audit are similar to those identified in the 2018 Advisory review, particularly regarding controls performed by BU Managers around ARI exception report reviews, vehicle key security management, and log book reviews, including verification of periodic maintenance of vehicles.

Lease-versus-buy analyses were not performed as currently required by OPG governance to assess the cost effectiveness of potentially purchasing fleet assets. As a result, 204 of the 205 fleet assets acquired during the audit scope period were leased by default. The OPG CarShare program allows employees to rent vehicles on a short term basis. However, the CarShare program does not currently inform supervisors of such usage, and the rental charges are paid by OPG without any review.

A summary of the key findings and positive observations are included below:

Positive Observations

- Supply Chain and BU Management are working towards electrification of the OPG fleet. IA noted that 18% of the 86 vehicles acquired in 2020 were electric, compared to 13% in 2019. The increase use of electric vehicles results in lower carbon emissions, and is a step towards meeting OPG's commitment to convert its fleet of corporate vehicles, where technically feasible, to electric by 2030; and
- The Radioactive Materials Transport ("RMT") Division has installed and utilizes telematics on approximately 15 trucks and 35 trailers since the fall of 2020. Through devices installed on the vehicles, data is captured about the vehicle's location, engine codes, driver behaviour events such as acceleration, cornering, harsh breaking, and seatbelt usage. The system will also provide RMT drivers with the mandated Electronic Log Devices that is to be implemented by mid-June 2021. The Trailers use Solar Asset Trackers as they can track location without being attached to a power device. Supervisors will analyze data and training delivered to drivers in an effort to continuously improve driving habits.

Key Findings & Recommendations

- BU Managers did not always fulfill their responsibilities to secure, maintain and monitor the usage of fleet assets. IA noted that BU Managers did not always review log books to monitor fleet vehicle usage, review ARI exception reports for unusual fuel transactions, place vehicle keys in a secured locked location, and maintain vehicles annually as required through OPG's governance. IA also found two instances where wheels were not re-torqued within 100km after wheel replacement. Given BU Managers experience turnover, FMS should introduce an annual Computer Based Training ("CBT") requirement on the Fleet Management Procedures, to clarify BU Manager responsibilities in the Fleet Management program. The CBT should be offered through MyPower Learning, and taken by fleet asset custodians (e.g. BU Managers) on an annual basis;

- Lease-versus-buy analyses were not performed as required by OPG governance prior to the acquisition of fleet assets, to determine whether it would be more cost effective to purchase fleet assets instead of lease. 204 of the 205 fleet assets acquired through FMS in 2019 and 2020 were leased by default without such analysis being undertaken. Management should update governance to clearly specify management's expectations around lease-versus-buy analysis (e.g. applicable only to a subset of fleet assets), and define the types of assets that would require the analysis (e.g. vehicles over certain dollar thresholds, or non-standard assets such as scissors lifts, pump trucks etc.);
- The OPG MotorPool (also known as the CarShare program) was not setup to notify supervisors when employees rented a vehicle through this program, and invoices for the rental are processed centrally by Supply Chain. Therefore, unauthorized usage of the CarShare vehicles is unlikely to be detected. Management should work with the CarShare vendor to develop a process to make supervisors aware whenever a vehicle is rented through this program; and
- The utilization of fleet assets was not monitored, and a number of fleet assets appeared to be underutilized. By not monitoring the utilization of fleet assets, there is a risk of incurring costs on additional fleet assets and lost opportunities to redeploy fleet assets to other departments in need. Management should identify and communicate fleet utilization information to BU Managers for investigation and follow-up.

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impacts, audit recommendations and management action plans.

Opportunity for Improvement

Each vehicle is assigned an ARI fuel card to facilitate monitoring of the vehicle's fuel usage. Based on responses from employees, it was noted that cards are also used to purchase fuel for other OPG equipment such as compressors, lawnmowers, jerry cans etc. This practice made it difficult to assess the fuel efficiency of each vehicle, and identify potential misappropriations of fuel. Management should consider enforcing the need for employees to use the card only for the specific vehicle, and assign separate cards to purchase fuel for other equipment.

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings, which have been risk rated based on the definitions outlined in Appendix B.

1. Business Unit Managers did not always fulfill their responsibilities to secure, maintain and monitor usage of fleet assets.	High
Fleet Management Procedure (OPG-PROC-0162) outlines the responsibilities for BU Managers and operators and include the following: • Supply Chain Facilities Management ("FM") must sign-off prior to new equipment being ordered, to ensure that FM will assume the maintenance burden for these assets; • Vehicle users must sign the Employer-Provided Vehicle Agreement (OPG-FORM-0181), to confirm the employee's understanding of their responsibilities for the fleet vehicle; • Vehicle keys are to be held in a secured locked location; • BU Managers are to review the fleet log books quarterly; • Vehicles must be inspected at least annually by a mechanic and the Vehicle Inspection and Maintenance Report (OPG-FORM-0186) must be prepared; and • Vehicle's wheel lug nuts should re-torqued 100km after wheel installation. IA sampled 15 new fleet asset orders and interviewed 10 BU Managers from Nuclear, RGPM, and corporate groups. The review identified that: • 6 of 7 Nuclear vehicle orders sampled did not have evidence of Facilities Management ("FM") sign off before orders were placed; • 6 of 15 vehicles sampled did not have the signed Employer-Provided Vehicle Agreement (OPG-FORM-0181); • 3 of 10 locations sampled did not place their keys in a secure location. Vehicle keys for those locations were hung on wall boards, instead of being secured in locked boxes; • 4 of 10 Managers interviewed were not aware of the requirement to review log books quarterly, thus the log books for their business units were not reviewed; • 2 of 15 transactions sampled did not have a completed OPG-FORM-0186, and IA was not able to determine that annual inspections were performed for those vehicles. For 10 of these 15 transactions, evidence was produced showing that annual inspection was completed by providing Garage Management System ("GMS") records and/or AS7 work orders, although the annual inspection form (OPG-FORM-0186) was not completed; • 2 of the 15 log books reviewed indicated that wheels were not re-torqued within 100km after wheel installation. Instead, they were re-torqued after 720km and 426km; and • None of the 10 Managers interviewed were able to demonstrate that ARI exception reports (e.g. identifying unusual fuel usage) were reviewed.	

Potential Cause & Impact
<u>Potential Causes:</u> - Managers were not fully aware of the governance procedures and expectations due to competing priorities. As the Managers are geographically dispersed, it is difficult to ensure the Managers have adopted fleet management practices in a consistent manner; - Keys were hung on wall boards, as Managers believe the facilities (e.g. hydroelectric stations) are secure, and additional security measures are not required. However, not all employees with access to the facilities are authorized to use fleet assets; - Management had placed reliance on vehicle operators that they will do the right thing; and - Users may have torqued the wheels and did not remember to record it in the log books on a timely basis. <u>Potential Impacts:</u> - Not maintaining vehicles in a timely manner can lead to increased costs and employee/public safety risks. If an accident occurs because of a wheel becoming detached from a vehicle, this could also have a negative impact on OPG's reputation; - Irregular usage of fleet assets could be undetected as log books are not reviewed; - Keys left in open areas may result in vehicles being stolen, or used by unauthorized employees for personal purposes; and - Misuse of assets including using fuel cards for personal vehicles may be undetected as usage reports and key metrics were not reviewed.
Recommendation
Management should remind BU Managers that they should: - Review the log books quarterly to ensure periodic maintenance occurs, and ensure wheels are re-torqued as required; - Keep keys locked in secured lockboxes; and - Conduct periodic reviews of ARI reports to detect anomalies with signoffs, and document the last review date in the log book. In addition, the Fleet Management Procedure should be streamlined to reduce administrative burden for BU Managers. For example, the annual Vehicle and Maintenance Report (OPG-FORM-0186) could be eliminated, as BUs typically record the vehicle maintenance history in GMS or AS7. The expectation around fleet vehicle key security could also be updated, where keys are considered secured when they are placed inside a controlled access OPG facility regardless of storage method.
Management Action Plan
Supply Chain will work with Human Resources to implement a CBT course around the Fleet Management Procedure (OPG-PROC-0162) in MyPower Learning, and require BU Managers and fleet asset owners to complete the training annually. In addition, Management will also review the Fleet Management Procedure to identify opportunities to reduce administrative burden for both Supply Chain and BU Managers. Owner: Keren Morehead, Senior Manager Supply Chain Target Completion Date: January 15, 2022

2. Lease versus buy analysis was not performed as required, and some fleet assets were not acquired through the Fleet Management group.	Moderate
The Fleet Management Procedure (OPG-PROC-0162) section 1.2 states that the determination whether to lease or buy an asset will be based on an analysis by Fleet Management Services. In addition, section 1.1.1(c)(2) requires fleet assets to be acquired through Supply Chain either by the FMS or Procurement Specialists. For assets purchased through the Procurement Specialists, BU Managers are to notify the FMS of the purchase, so that ARI inventory records can be updated. IA's review of the fleet assets procured between January 2019 to December 2020 noted the following: • A lease-versus-buy analysis was not performed prior to asset acquisition. Of the 205 assets procured within the sample period, leasing was the default option with 204 assets leased without any analysis to support cost effectiveness. The capital cost of the vehicles leased within the sample period ranged from \$27,000 to \$370,000, with the combined capital expenditure cost of \$9.9 million; and • A utility vehicle costing \$21,269 was purchased by a BU Manager from a third party vendor using a Purchase Card ("P-Card"); the transaction included a trade-in of an OPG fleet asset valued at \$7,000. As the purchase was not channeled through a Supply Chain Procurement Specialists or FMS, the asset traded-in was still included in the ARI inventory as "active" and the new asset was not added to the inventory.	
Potential Cause & Impact	
<u>Potential Causes:</u> • Lease-versus-buy analysis is time consuming taking into consideration many factors (e.g. interest rates, tax implications, residual value), and is only performed by FMS upon request from BUs; • Assets were leased as this is the typical path to acquire assets, and BUs did not have the capital budgets to purchase assets; and • BU Manager paid for the asset using P-Card, as the individual was not aware of the requirement to acquire fleet assets through Supply Chain. <u>Potential Impacts:</u> • Potential cost savings may have been missed, as certain fleet assets may have been more cost effective to be purchased rather than leased; and • Purchasing fleet assets outside of the established process could lead to inaccurate fleet inventory, and lack of oversight resulting in improper maintenance, insurance, and registration for the asset.	
Recommendation	
Management should: • Update governance to clearly specify management's expectations around lease-versus-buy analysis (e.g. applicable only to a subset of fleet assets), and define the types of assets that would require the analysis (e.g. vehicles over certain dollar thresholds or non-standard assets such as scissors lifts, pump trucks etc.); • Ensure that all BU requests for fleet assets are routed through Finance and all BU Managers are aware of this expectation; • Coordinate with Finance and perform lease-versus-buy analysis for orders that are considered to require the analysis; and • Include in the Fleet Management reminders/training (as discussed in observation #1), the procedural, documentation, and communication requirements for new vehicles purchased by the BU.	

Management Action Plan

Supply Chain Management will ensure that:

- Fleet Management governance is updated to clarify the expectation to prepare lease-versus-buy analysis. In particular, the analysis is required for certain types of assets (e.g. non-standard assets), but not others such as passenger vehicles;
- FMS and Procurement Specialists require BU Managers to produce the lease-versus-buy analysis for applicable assets (e.g. non-standard assets), before the asset can be leased or purchased; and
- Guidance to BU Managers will be reinforced, annually through the Fleet Management CBT, on the expectation to prepare lease-versus-buy analysis for non-standard assets, and the need to inform FMS when assets were purchased through the Procurement Specialists so that fleet inventory can be updated.

Owner: Keren Morehead, Senior Manager Supply Chain

Target Completion Date: September 30, 2021

3. Business Unit Managers were not informed when employees used the OPG Motor Pool (Enterprise CarShare).	Moderate
In October 2020, the Enterprise CarShare (“CarShare”) program replaced the previously dedicated Ministry of Transportation (“MTO”) Ontario Public Sector Motor Pool program that was available to OPG employees for business usage. Vehicles reserved through the CarShare program should be used for work-related short-term travel needs. IA noted that supervisors were not informed when employees rented cars through the CarShare program, nor are supervisors required to approve expenses associated with the CarShare usage. CarShare invoices are processed centrally by Supply Chain, and are automatically paid through the purchase order and invoice matching process. The total value of the purchase order issued for the CarShare program is \$2.5 million, with \$54,000 spent since the program inception in October 2020; the low usage was likely due to COVID-19 travel restrictions. Through the review of CarShare invoices, IA noticed four instances where an employee retained a rented vehicle over several weekends, even though the individual did not work the weekends and there was no work time charged in the time recording system (MyTime). For example: • The employee took out a vehicle on Sunday, November 1, 2020, and returned the car on Monday, November 9, 2020, although the employee was not working on November 7 nor November 8; and • Another instance where a car was taken out on Friday, November 20, 2020, and returned on Friday, November 27, 2020, although the employee was not working on November 21 nor November 22. Through discussions, the employee’s Supervisor indicated that he was not informed by the CarShare program that the employee had rented a car and kept it over the weekend. The Supervisor also mentioned that while the employee did not work those weekends, it might have been more convenient for the employee to retain the vehicle over the weekends instead of returning it on Friday and picking up another vehicle on Monday.	
Potential Cause & Impact	
<u>Potential Cause:</u> The CarShare program is not setup to notify supervisors when employees rented cars through the program. <u>Potential Impact:</u> Although there is no additional rental costs for personal use of the CarShare program since OPG pays a monthly rate, there will still be an increase in OPG’s operating costs (e.g. increased fuel usage, additional liability in the event of an accident from personal use). Without notification, there is also an increased risk of employees using OPG assets for personal use.	
Recommendation	
Management should: • Investigate options which would result in Supervisors being notified when cars are rented; • Reinforce with users that the intent of the program is for vehicles to be used for short term business needs, and therefore weekend reservations must be business related; and • Disseminate CarShare usage reports to supervisors for review.	

Management Action Plan

1. Subsequent to the audit fieldwork, Supply Chain Management worked with Enterprise CarShare to require users to acknowledge, in the CarShare program website, the terms of the program (e.g. non-business usage of vehicles is not allowed) before users can make vehicle rentals.

Owner: Keren Morehead, Senior Manager Supply Chain

Target Completion Date: Complete

2. Supply Chain Management will also work with Enterprise CarShare to develop a process to inform employees' supervisors whenever a motor pool vehicle is used. This could be through automation where emails are sent to the employee's supervisor when a motor pool vehicle is checked-out and returned.

If automation is not practical, FMS will investigate other avenues to ensure employees' supervisors are informed of the motor pool usage, which could include charging the usage costs directly to the employee's credit card, and/or forward the Enterprise monthly consolidated invoices to the employees' supervisors for information.

Owner: Keren Morehead, Senior Manager Supply Chain

Target Completion Date: December 30, 2021

4. Fleet assets' utilization was not monitored and some assets were underutilized.	Moderate
As a best practice, business units should monitor the utilization of the fleet assets, and return underutilized assets to Supply Chain for redeployment or disposal. Based on a review of a usage report obtained from ARI, IA noted Business Units had vehicles with low utilization, which were not sold or redeployed. There were 25 vehicles included in the ARI report that were classified as low utilization, with no recent fuel and/or maintenance activities. The vehicles included full size pickups, sport utility vehicles, vans, compact pickups, and full size cars. A summary of the vehicles is provided in Appendix A.	
Potential Cause & Impact	
<u>Potential Causes:</u> - Although utilization data is available, the information is not reviewed and analyzed as existing practices did not require BU Managers to monitor utilization and provide justification on why underutilized vehicles should be kept. - Record keeping inaccuracies may exist where some vehicles that appeared underutilized may have been sold or disposed, but not updated in ARI records. <u>Potential Impacts:</u> - Idle assets that can be used in another location may go unnoticed, potentially resulting in additional assets being acquired without critically assessing redeployment of existing assets; - Under-utilized vehicles may also pose a safety risk if not properly maintained before the next use; and - Business units may be better served by realizing the cash value from the under-utilized vehicles.	
Recommendation	
Management should: - Define criteria for identifying underutilized vehicles; and - On an annual basis perform a fleet wide assessment, and circulate the results to the Controllershship and Senior Business Unit management so they are aware of the underutilized assets and take appropriate follow up actions (e.g. assessment on continued retention of vehicle, update ARI records where there are inaccuracies, and ensuring vehicle is properly serviced before next use, etc.)	
Management Action Plan	
FMS will publish metrics, by business unit, identifying under utilized assets and share these metrics with the Controllershship and Business Unit Leaders annually to facilitate their oversight. Owner: Keren Morehead, Senior Manager Supply Chain Target Completion Date: September 30, 2021	

5. Some employees used premium fuel for fleet assets although not required, resulting in higher costs to OPG.	Low
All assets under the OPG fleet program use regular unleaded fuel and employees are expected to use this fuel grade when refueling the fleet assets. IA noted that not all employees refuel their vehicles with regular fuel, as some employees opted instead for premium fuel. An ARI fuel report covering the period January 2019 to December 2020 revealed that employees spent approximately \$95,000 in 2019 and \$72,000 in 2020 for premium fuel purchases for fleet assets. The reduction in premium fuel purchases in 2020 may have been caused by travel constraints due to COVID-19 related restrictions. Based on data from Statistics Canada, the cost of premium fuel is on average 20% higher than regular unleaded. Therefore, the use of premium fuel instead of regular translated into an increased cost of approximately \$28,000 for the period reviewed (i.e. 2019 & 2020).	
Potential Cause & Impact	
<u>Potential Causes:</u> BU Management and fleet asset operators may not be aware of the expectation to use regular unleaded fuel for fleet assets, as OPG-PROC-0162 is silent on the expectation. <u>Potential Impact:</u> This use of premium fuel resulted in higher fuel costs for OPG.	
Recommendation	
Management should update OPG-PROC-0162 to clarify the expectation that regular unleaded fuel should be used for fleet assets, and publish metrics to identify usage of premium fuel to facilitate Management oversight.	
Management Action Plan	
FMS will update OPG-PROC-0162 to clarify that regular unleaded should be used for fleet assets. In addition, metrics will be published to identify premium fuel usage, and FMS will share these metrics with the Controllershship and Business Unit Leaders every six months to facilitate their oversight. Owner: Keren Morehead, Senior Manager Supply Chain Target Completion Date: November 30, 2021	

APPENDIX A – VEHICLES WITH NO RECENT FUEL AND / OR MAINTENANCE ACTIVITIES

Below is the list of 25 vehicles that, according to ARI records, do not have recent fuel and/or maintenance activities:

Vehicle Number	Model Year	Make	Model	Last serviced	Last Fuel Transaction
917001	2009	STERLING	ACTERRA	Jan 2009	Dec 2008
960963	2009	STERLING	ACTERRA	Feb 2010	Nov 2011
950843	2015	AUTOCAR	XSPOTTER	Jan 2015	No Transactions in ARI
862288	2014	RAM	1500	Feb 2016	Oct 2015
862320	2015	RAM	1500	Feb 2016	No Transactions in ARI
862329	2016	RAM	1500	Feb 2016	No Transactions in ARI
893431	2010	DODGE	RAM PICKUP	Mar 2016	Apr 2018
845022	2014	DODGE	JOURNEY	Dec 2017	Dec 2017
854311	2009	CHEVROLET	TAHOE	Dec 2017	Feb 2018
887456	2012	DODGE	GRAND CARAVAN	May 2018	Jul 2018
865492	2007	DODGE	RAM PICKUP	Dec 2018	Oct 2018
894286	2008	DODGE	RAM PICKUP	Sep 2019	Sep 2015
894331	2015	RAM	2500	Sep 2019	No Transactions in ARI
110001	2017	AUTOCAR	XSPOTTER	Oct 2019	Dec 2018
883130	2007	CHEVROLET	EXPRESS	Oct 2019	Jun 2019
865993	2009	DODGE	RAM PICKUP	Dec 2019	Aug 2015
845247	2009	DODGE	CHARGER	Jan 2020	Aug 2019
887367	2005	DODGE	GRAND CARAVAN	Jan 2020	Oct 2019
865471	2005	DODGE	DAKOTA	Jan 2020	Apr 2021
862361	2017	RAM	1500	May 2021	Aug 2019
862459	2020	FORD	F-150	No Transactions in ARI	No Transactions in ARI
862458	2020	FORD	F-150	No Transactions in ARI	No Transactions in ARI
894337	2019	RAM	2500	No Transactions in ARI	No Transactions in ARI
887093	2020	CHRYSLER	PACIFICA	No Transactions in ARI	No Transactions in ARI
840031	2020	HYUNDAI	KONA EV	No Transactions in ARI	No Transactions in ARI

APPENDIX B – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX C – PROCESS OWNER & DISTRIBUTION LIST

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Internal Audit

Right Work, Right Time, Right Value – Station Productivity Initiative

October 7, 2021

Report Rating: **Requires Improvement**

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21-21 RWRTRV Station Productivity Initiative

OPG CONFIDENTIAL

1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating:

Requires Improvement

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Key Performance Indicator ("KPI") reduction targets outlined in the Right Work, Right Time, Right Value ("RWRTRV") Charter were aspirational, and no progressive criteria was established to assess results.	Operational	X		
2	Formal close-out of completed sub-initiatives was not performed and documented.	Operational		X	
3	Some KPIs outlined in the Charter were not consistently reported to the Nuclear Executive Committee ("NEC") as the overall initiative progressed.	Operational			X
4	Initiative-wide risks documented in the Charter were not formally tracked and dispositioned within the initiative risk register.	Operational			X
Total		4	1	1	2

1.2 Background

Ontario Power Generation implements nuclear fleet initiatives ("NFI") with an objective of increasing productivity and efficiency and reducing costs across the nuclear stations. The "Right Work, Right Time, Right Value" ("RWRTRV") Station Productivity initiative was established to optimize cost and efficiencies in the execution of maintenance programs to support the safe and reliable operation of the nuclear stations. The expected benefits of the RWRTRV initiative were to increase station productivity by 25%, contributing to the overall target of reducing maintenance costs by approximately \$30 million on an annual basis by 2021.

The RWRTRV initiative focused on implementing associated culture/behavioural changes to optimize equipment reliability through the efficient utilization of maintenance resources. The initiative originally included 11 sub-initiatives but as the project progressed they were combined into six sub-initiatives within the Station Productivity category:

- Working Efficiently – Increase Productive Time;
- Work Authorization Process Improvement (Work Approval Process);
- Work Protection Improvements;
- Enhancing Fix It Now (FIN) Team: FIN Resources;
- Assessing Optimization – Assessing Productivity; and
- Assessing Optimization – Technology Innovation.

The RWRTRV Focus Area Team ("FAT") was originally established to support and oversee the implementation of this initiative across Nuclear, and to ensure that its sub-initiatives were aligned with the Nuclear Business Plan commitments. Due to a restructuring of the Nuclear Fleet Strategy and Improvement ("NFSIP") organization during the latter part of 2020, the FAT disbanded, with sub-initiative work groups being assigned the responsibility for meeting their targets with monitoring and reporting support from the Contract-Senior Advisor, the Maintenance peer team, and respective representatives

¹ Please refer to Appendix C for risk rating definitions

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at the Station Excellence Meetings (e.g. Operations Managers, Senior Vice Presidents, Work Management Director).

This audit was identified in Internal Audit's ("IA") 2021 Audit Plan given the significance of this initiative in driving efficiencies in the maintenance program with multiple stakeholder involvement across the nuclear organization and impact to work programs in the station.

1.3 Objective & Scope

The objective of this audit was to assess whether the goals and expected benefits of the RWRTRV initiative have been achieved and were providing value to OPG.

In order to achieve the audit objective, we reviewed the processes and tested, on a sample basis, whether:

A. Planning & Execution
- Planning included identifying key drivers and stakeholders, and setting clear objectives; - Risks and issues for the initiative were assessed and managed; - Significant changes to the initiative and sub-initiatives' scope and schedules were reviewed, approved through a formal change management process, and were formally communicated to Senior Leadership (e.g. Executive Sponsors); - Work progress on sub-initiatives was monitored and updated to accurately reflect the status of deliverables, activities and interdependences; - A post implementation review indicating whether the objectives were achieved was performed for completed sub-initiatives; and - Funds and budget allocation to the overall RWRTRV Station Productivity initiative (and sub-initiatives as applicable) were tracked, appropriately managed, and transparently monitored.
B. Reporting & Monitoring
- Key performance monitoring: - Supported the initiative goal and anticipated benefits; - Measured results and tracked the completion of sub-initiatives; and - Included accurate and complete reporting. - The status of sub-initiatives was communicated and monitored for effectiveness throughout execution/implementation; - Sub-initiatives close-out were reviewed and approved based on: - Achievement of goals that were supported by results attributable to the initiative; and - Stakeholder's acceptance or acknowledgement at close-out, including the opportunity for continued application in station operations; - Key operations and station environment were not adversely impacted by changes; and - Existing open sub-initiatives were transferred / transitioned to appropriate owners to ensure accountabilities were preserved and continued progress was made towards completion.
C. Fraud Considerations
There was intentional misreporting of initiative status for the funds originally allocated to the RWRTRV Station Productivity initiative.
D. Opportunities for Improvement
There were potential opportunities for cost recoveries and savings related to efficiency of processes and documentation (e.g. automation, duplication of activities).

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Scope Period: The scope included activities from March 29, 2019 to August 30, 2021. Precursor activities from prior periods were included as relevant.

Scope Exclusions: The Value Based Maintenance program was not in scope for the audit due to duplicate coverage by other oversight groups.

1.4 Conclusion

Overall, IA found that the RWRTRV Station Productivity Initiative requires improvement. While the Initiative has resulted in some cost reductions for maintenance activities, the initiative requires improvement in order to meet the goals and objectives established at the onset. A summary of positive observations, key audit findings and recommendations, and further opportunities for improvement is provided below.

Positive Observations

- Station maintenance activities are in a better position than prior to the start of the RWRTRV initiative. For example, measured improvements in maintenance efficiencies between 2018 and 2020 indicate cumulative savings of approximately \$43 million, based on the \$/Task metric. Key contributors to this improvement included the realignment of maintenance crews, shifting key maintenance crews to days based schedules, enhancing the size and capabilities of the FIN teams, improving maintenance resource utilization through schedule loading and minor maintenance / FIN work processes, and introducing remote work authorization capabilities; and
- The Maintenance Efficiency Power BI reporting application has improved Maintenance Managers' business acumen by providing a unique and near real-time perspective on work performed and cost of labor. The Power BI module is on OPG's intranet for all staff across the organization to review. Power BI shows maintenance efficiency trends by reporting year-to-date ("YTD") \$/Task and YTD Tasks/FTE. These measures can be further filtered by station (i.e. Darlington or Pickering), reporting centre, by work crew, and by the amount of overtime hours and dollars. The different views provide helpful information to Management, and are discussed at station meetings throughout the year.

Key Findings & Recommendations

- The expected KPI benefits of increasing station productivity by 25% have not been achieved to date, and the performance as at the date of this report suggests that full achievement by the end of the year is unlikely. While Management has indicated that the 25% target was aspirational in nature, IA noted that progressive criteria had not been established in the Charter to indicate more realistic levels of success for the initiative. Management should critically assess the productivity savings achieved when closing out the initiative, and if a decision is made to continue with certain aspects of the initiative, consider re-evaluating the measures of success and establishing targets based on experience of the initiative to date; and
- No formal close-out summaries were performed for four completed sub-initiatives. Initiative close-outs provide a timely evaluation of the quantitative and qualitative benefits realized, and document whether all objectives were achieved, capability enhancements, monitoring and sustaining plans, and any outstanding actions and activities and their owners. Management should perform the close-out within six months of declaring the sub-initiatives complete (or as soon as practical) to document and record the information to ensure it is not lost due to staff turnover or passage of time.

The findings noted in this report has been reviewed with management, and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings, along with the associated risk impact, audit recommendations and management action plan.

Opportunity for Improvement

Terms of Reference (“ToR”) provide guidance, ensures all team members involved are in agreement with shared expectations, requirements, and provides clear ownership for the initiative (and sub-initiatives). A draft ToR was developed for the RWRTRV Station Productivity Initiative that included the objectives of the initiative and sub-initiatives, accountabilities and the staff members responsible for completing each sub-initiative; however it was not formally signed-off. IA recommends as a best practice that ToR be signed-off by all stakeholders prior to starting any future nuclear initiatives for alignment and the requirement be included in guides or governance for staff to reference.

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix A.

1. KPI reduction targets outlined in the RWRTRV Charter were aspirational, and no progressive criteria was established to assess results.				High															
The overall NFI objective was to increase productivity and efficiency, and reduce costs across the nuclear stations. The initiative was also brought about to optimize cost and efficiencies in the execution of maintenance programs to support the safe and reliable operation of the stations. The expected benefits of the RWRTRV initiative as outlined in the RWRTRV Charter was to increase station productivity by 25% as measured by \$/Task and Tasks/FTE, to contribute to reductions in the overall maintenance costs of approximately \$30 million on an annual basis by 2021. <u>Performance Measurement</u> A review of two KPIs as at September 10, 2021 tracked on the Power BI 'Maintenance Efficiency system' identified that progress has been made towards productivity improvement with 'Core Maintenance Cost Efficiency' at 3.1%, but there was a slight negative improvement with 'Core Maintenance Productivity' at (0.8)%. Despite the Maintenance Cost Efficiency gain, it does not appear that the progress will reach the 25% improvement goal by the end of 2021 (see chart below). Tracking of the 25% Improvement Goal <table border="1"> <thead> <tr> <th>KPI</th><th>Baseline 2017</th><th>Success Target 2021</th><th>Year-To-Date Sept 10 2021 (WW36)</th><th>Variance From Target Goal</th></tr> </thead> <tbody> <tr> <td>The Core Maintenance Cost Efficiency (% improvement)</td><td>\$2,377/Task</td><td>\$1,783/Task 25% Improvement</td><td>\$2,303/Task 3.1% Improvement</td><td>\$550/Task 3.1%-25% = (21.9%)</td></tr> <tr> <td>The Core Maintenance Productivity (% improvement)</td><td>1.32 Tasks/FTE</td><td>1.65 Tasks/FTE 25% Improvement</td><td>1.31 Tasks/FTE (0.8)% Improvement</td><td>0.34 Tasks/FTE (0.8)%-25% = (25.8%)</td></tr> </tbody> </table> Although the \$/Task metric indicates cost reductions per task have been achieved during the initiative, no documented analysis has been performed to determine how these reductions materialized (e.g. allocating staff to perform other tasks; less overtime required; not requiring as many contract workers). In addition, a documented assessment of the Charter was not performed to outline and record how the RWRTRV initiative would directly contribute to the expected savings of \$30 million per year. Discussions with management have indicated that the 25% improvement target documented in the Charter was aspirational in nature. IA noted that progressive criteria had not been established in the Charter to mark advancing levels of success for the initiative (e.g. setting threshold, target and stretch goals, similar to those utilized in the formation of station scorecards). Also, there was no re-forecasting or re-evaluation throughout the initiative to adjust the target due to actual experience to date and consideration for unforeseen factors (e.g. the impact of the COVID-19 pandemic on maintenance activities). <u>Reported Metrics</u> In addition to the setting of aspirational targets, there are inherent weaknesses with the calculation of \$/Task. This KPI is calculated by taking the total weekly dollars paid to maintenance staff directly involved with performing maintenance work from the MyTime system, divided by the total number of maintenance tasks completed as recorded in the Passport system. A potential downside for the \$/Task KPI is that the metric worsens if more complex tasks take longer to complete. The measure can also					KPI	Baseline 2017	Success Target 2021	Year-To-Date Sept 10 2021 (WW36)	Variance From Target Goal	The Core Maintenance Cost Efficiency (% improvement)	\$2,377/Task	\$1,783/Task 25% Improvement	\$2,303/Task 3.1% Improvement	\$550/Task 3.1%-25% = (21.9%)	The Core Maintenance Productivity (% improvement)	1.32 Tasks/FTE	1.65 Tasks/FTE 25% Improvement	1.31 Tasks/FTE (0.8)% Improvement	0.34 Tasks/FTE (0.8)%-25% = (25.8%)
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be manipulated if tasks were to be separated into smaller tasks, which would have the impact of increasing the overall number of completed maintenance tasks and improve the KPI – although there was no indication of this from IA's testing. Consideration should be taken to include other KPIs as a measure for Station Productivity (e.g. hours per task) that will measure the number of hours spent on completing tasks every week.

Potential Causes & Impact

Potential Causes:

- Initial measures of success established at the commencement of the RWRTRV initiative were aspirational rather than realistic targets, with no progressive criteria being established to recognize varying levels of achievement;
- The organization restructure in late 2020 disbanded the larger part of the FAT, potentially resulting in a lack of clarity around ownership of the initiative and focus during the transition; and
- In response to the COVID-19 pandemic, progress on target goals was delayed, as the company pivoted operational focus to pandemic response.

Potential Impacts:

- The reliance on aspirational targets for performance measurement may make it difficult for management to critically assess performance during the initiative period, and presents challenges for assessing initiative success and the development of corrective action plans; and
- Management may be unable to determine the source of productivity and efficiency gains and omissions through the focus on \$/Task and Task/FTE metrics.

Recommendation

1. In the close-out report, include an assessment of target achievement and how the RWRTRV initiative contributed to the initial goal of reducing maintenance costs on an annual basis, and whether management considers the NFI to have provided value to OPG. The final report should be presented to senior leadership and key stakeholder groups (e.g. at a Site Excellence Meeting);
2. Critically reassess whether there are further sustainable gains which may be realized during the project, and focus measures on what KPIs are most relevant for measuring maintenance productivity (e.g. transitioning to an hours/task KPI, which would be a more objective determinant of productivity gains); and
3. If management determines that there is further value to be obtained either by continuing the initiative or commencing a new initiative, establish phased levels of SMART (i.e. specific, measurable, achievable, realistic and timely) goals to measure success against. This may be implemented similar to the threshold/target/stretch levels as established in the station scorecard.

Management Action Plan

Management will continue to work with site Maintenance managers to further review, develop, and document initiatives which will continue to improve/sustain Maintenance Efficiencies. Part of this review will include the determination of future Maintenance measures and targets. Any revised measure and targets will be included in the 2022 Power BI reporting platform.

Owner: Dave Guernsey, Director Central-led Functional Area Manager (CFAM) Maintenance
Target Completion Date: March 15, 2022

2. Formal close-out of completed sub-initiatives was not performed and documented.

Moderate

The RWRTRV initiative charter defined the vision, goals, objectives, and detailed design for each initiative. OPG organizations should implement leading project management practices for initiatives, which includes identifying and documenting objectives and performance metrics in the planning phase as well as measuring, reporting, and evaluating outcomes in the execution and close-out phases. The NFI guide (N-GUID-08100-10001) also states that quantifiable benefits should be measured for initiatives, and that the completion of an initiative close-out (including sub-initiatives) is required including a summary, assessment of benefits realized, capability enhancements, monitoring and sustaining plans and any outstanding actions / activities within six months of declaring the initiative complete. Completing a timely close out is good practice to reduce the risk of losing organizational information on what was achieved and loss of knowledge from staff turnover.

IA reviewed documentation for RWRTRV's four sub-initiatives that were completed, and noted that a formal close-out had not been performed to determine whether the sub-initiatives either achieved or were trending towards achieving the objectives stated in the Charter. The four sub-initiatives and their completion dates were as follows:

Details	Completion Date
Enhancing Fix It Now (FIN) Team: FIN Resources	Q4 2019
Resource Strategy: Crew Strategy Changes	Q4 2019
Assessing Optimization: Assessing Productivity	PN – Q4 2019 DN – Q3 2020
Assessing Optimization: Technology Innovation	Q4 2020

Potential Cause & Impact

Potential Causes:

Management may have been unaware of the requirement to perform close-out evaluations for sub-initiatives.

Potential Impact:

Knowledge on the progress and results of the sub-initiatives may be lost or forgotten between completion of the sub-initiative and the overall initiative, particularly if there is staff turnover. This may further result in management and other stakeholders not being able to fully assess results in a timely and accurate manner.

Recommendation

- Given the current status of the overall RWRTRV initiative as nearing completion, consideration of sub-initiatives should be contemplated in the final close-out report. In future similar initiatives, Management should perform a timely formal close-out of all completed sub-initiatives to determine if they were successful and trending towards achieving the overall RWRTRV initiative (i.e. within six months of completing a sub-initiative).
- Management should evaluate the Nuclear Fleet Initiatives Guide to determine if it should be updated and used for future organizational initiatives, and appoint an appropriate owner of the document.

Management Action Plan

CFAM Management will prepare a close-out report of the completed initiatives and sub-initiatives before year-end. The report will evaluate if the RWRTRV met the objectives; initiatives have been completed and tasks that can be reviewed further; and what went well and opportunities to improve. The report will be presented at a senior leadership meeting (e.g. Site Excellence Meeting).

Owner: Dave Guernsey, Director CFAM Maintenance

Target Completion Date: January 31, 2022

3. Some KPIs outlined in the Charter were not consistently reported to the NEC as the overall initiative progressed.	Low
There were seven KPIs / Success Measures that were documented in the original Project Charter from 2019, and two others were added in 2021. Collectively, the KPIs were measures of activities and successes that would help achieve the overall RWRTRV initiative goals. IA reviewed five NEC reports from 2019 and 2020, and noted that there was inconsistent reporting of RWRTRV's KPIs. IA also noted a lack of documentation to support the rationale for discontinuing the measurement and reporting of some KPIs, and the impact of the KPIs on the overall initiative. The Charter was not updated to reflect the changes, and additionally there were two new KPIs that were reported to the NEC as part of the RWRTRV initiative. These new KPIs were not consistent additions to the initiative's reporting.	
Potential Cause & Impact	
<u>Potential Causes:</u> As the initiative progressed, the FAT decided that five of the original KPIs in the Charter were not necessarily a good representation of activities that drove station productivity in considering the goals of the RWRTRV initiative. Management has stated that senior Nuclear leadership was aware of these changes, and were involved in overseeing the work and measurement focus of the RWRTRV initiative throughout its progress. <u>Potential Impact:</u> A lack of documentation detailing the rationale for changes with the RWRTRV initiative's KPIs and targets may result in confusion and/or misalignment when reporting progress to senior management.	
Recommendation	
As part of the close-out report, management should reconcile current achievements and progress against the KPIs which were tracked against to assess the initiative's success. The rationale for KPIs that were dropped from the initiative's Charter should be documented as part of the close-out, and results reported to Senior Leadership and other applicable stakeholders.	
Management Action Plan	
Management will, as part of the close-out report, include a summary of the current achievements and progress against the KPI's and where deemed appropriate, document the rationale for dropping KPIs from the original Charter, and report the results to Senior Leadership and other applicable stakeholders. Owner: Dave Guernsey, Director CFAM Maintenance Target Completion Date: January 31, 2022	

4. Initiative-wide risks documented in the Charter were not formally tracked and dispositioned within the initiative risk register.	Low
A risk log maintained on the RWRTRV team site records the identified risks, analysis of their severity, and remediation management action to be taken. IA confirmed that an Excel risk log was created and maintained for the RWRTRV sub-initiatives. The risk log did not include the six initiative-wide risks noted from the Charter that could impact the successful completion of the initiative. Two risks had been classified as high risk, and involved obtaining the support of stakeholders, senior management and the participation of staff. Two medium-rated risks related to senior leadership facilitation and the availability of engineering resources (this risk was attached to the Value Based Maintenance component of the RWRTRV initiative that was later spun-off), and the remaining two risks were identified as low. Management was aware throughout the project that success would require the support of senior management and staff, but these risks were not included in the risk log and re-evaluated throughout the initiative. IA discussed the six risks with the Senior Advisor of the RWRTRV initiative, who noted that the risks were relevant at the outset of the initiative as outlined in the Charter and that the sub-initiative work groups were aware of them despite not being formally tracked in the risk register. The risks of staff participation and support were managed and addressed as work progressed, and they were not considered to have materialized in a way that significantly impacted the overall initiative.	
Potential Cause & Impact	
<u>Potential Causes:</u> Management felt that the risks were appropriately managed through regular communication with stakeholders, senior management and staff, and that it was not necessary to include the risks in the log. <u>Potential Impact:</u> Inconsistent documentation, such as risks identified in the Charter and not formally recorded on the risk register, reduces the ability of OPG to demonstrate that risks were being appropriately managed, as well as the status of mitigation efforts to reduce the likelihood or impact of identified risks being realized.	
Recommendation	
The risks from the Charter should be formally tracked in a risk register and retained in a central repository (e.g. ePMX system or Sharepoint) so that the initiative work groups can demonstrate that due diligence was performed around risk management, including updating for management actions taken in response to identified risks and subsequent impact on risk assessment. Risks should also be updated within the register if they were fully dispositioned by management and closed.	
Management Action Plan	
Management will include the risks from the Charter for the RWRTRV initiative and monitor and respond to these risks if they impact the objectives of the successful completion of this project. The requirement to capture Charter risks in a risk log and where they should be recorded (e.g. ePMX or Sharepoint) will be included in governance and/or guides for future projects. Owner: Dave Guernsey, Director CFAM Maintenance Target Completion Date: January 31, 2022	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

Sean Granville

Chief Operations Officer and Chief Nuclear Officer

Jane Travers

VP Integrated Fleet Management

Zar Khansaheb

VP Generation Strategy and Innovation

cc:

Ken Hartwick	President & Chief Executive Officer
Jon Franke	SVP, Pickering
Steve Gregoris	SVP, Darlington
John Mauti	SVP, Finance & Chief Financial Officer
Alec Cheng	Vice President, Chief Controller & Accounting Officer
Adam Chiarandini	Director, Enterprise Risk Management
Janice Ding	Director, Internal Audit
Dave Guernsey	Director CFAM Maintenance
Emile Ramnarine	Director, Nuclear Oversight
Anthony Ling	Senior Manager, Internal Audit
Thomas Kelly	Manager, Internal Audit
Omar Laidlaw	Manager, Internal Audit
Vitangelo Cafagna	Contract – Senior Advisor



Internal Audit

Shared Services Re-Imagine 1.0

January 6, 2022

Report Rating: **Not Effective**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: **Not Effective**

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Some of the Re-Imagine 1.0 workstreams have either not fully met Line of Business requirements, and/or have not been adopted in business processes.	Operational	X		
2	Some Robotic Process Automations developed by the Re-Imagine 1.0 project are no longer in use, while others required enhancements after going into production.	Operational	X		
3	The Post Implementation Review ("PIR") was finalized late, and a change control form was not completed to update the PIR requirement.	Operational			X
Total		3	2	-	1

1.2 Background

OPG launched the Re-Imagine 1.0 program in 2018 with an objective to execute work differently, shift organizational culture, and become more agile as a company. Management completed the Re-Imagine 1.0 program in August 2020.

The Re-Imagine 1.0 program was designed to identify improvement opportunities that would make a significant and transformative change to the business through the review of OPG's end-to-end, cross-functional business processes in Shared Services, Finance and Supply Chain. The following four work streams were defined in the program:

- **Process Redesign and System Optimization** covered the elimination of work, standardization, and optimization of how employees used existing tools;
- **Robotic Process Automation ("RPA")** included deploying RPA for various Finance and Shared Service processes such as forecasting, inventory, correction journal preparation, intercompany and cost recovery billing;
- **Power BI Dashboard and Analytics Command Centre** provided integrated financial and operational data through dashboard reports and analytics using Power BI capabilities; and
- **Workflow and Self-service** covered the improvement of self-service capabilities for processes such as onboarding, offboarding, employee or vendor queries.

The total cost to execute the program was approximately \$17.5 million, which included a project over-variance of \$2.5 million approved in July 2020. The program was expected to yield savings of approximately 62 Full Time Equivalent ("FTE") positions.

The Re-Imagine 1.0 program was selected in Internal Audit's ("IA") Audit Plan due to the cost of the program and the productivity gains expected to be achieved.

¹ Please refer to Appendix B for risk rating definitions

1.3 Objective & Scope

The audit objective was to assess whether the Re-Imagine 1.0 program was properly closed out, benefits assessed, and overall results communicated to stakeholders.

To achieve the audit objective, we reviewed the process and tested, on a sample basis, whether:

A. Re-Imagine 1.0 Close Out
• Project closeout documentation was completed and approved by relevant stakeholders; • Acceptance criteria for Re-Imagine 1.0 initiatives were met, deliverables completed, and performance against target was measured; • Post Implementation Review ("PIR") and benefits assessment were conducted consistent with the approved PIR plan; • Lessons learned were identified and applied to the Re-Imagine 2.0 program; and • Results of the Re-Imagine 1.0 program were communicated to relevant stakeholders and Enterprise Leadership Team members.
B. Fraud Considerations
• No significant fraud risks were identified for inclusion within scope.
C. Opportunities for Improvement
• There are potential opportunities for cost recoveries and savings related to efficiency of processes and documentation (e.g. automation, duplication of activities).

Scope Period: The scope included activities from January 2019 to December 2020. Precursor activities from prior periods were included as relevant.

1.4 Conclusion

Overall, IA noted the activities undertaken to close-out, assess benefits, and communicate results of the Re-Imagine 1.0 project were not effective. A summary of positive observations and key audit findings and recommendations is provided below.

Positive Observations

- The Re-Imagine 1.0 program introduced a number of new applications that have contributed to OPG's efforts to streamline operations. Most notably, initiatives such as the MyRequest system within Human Resources and the Ariba Contract Management system within Supply Chain were found to be implemented and widely used by the business.

Key Findings & Recommendations

- IA noted that some of the Re-Imagine 1.0 workstreams either have not fully met Line of Business (“LOB”) requirements, and/or have not been adopted in business processes. The final deliverable for three workstreams did not fully address the business requirements, one system developed through Re-Imagine 1.0 was not being used by the business, and change control documentation for one additional workstream was not prepared to remove the workstream’s scope from the project.

For workstreams where solutions did not meet all business requirements, Management should perform a Lessons Learned exercise to review the solutions implemented, identify high-level requirements that were not addressed, and assess whether future projects or base-support is required for the unresolved requirements. For workstreams where developed solutions are not being incorporated into business processes, line management should oversee appropriate change management to enable the realization of expected benefits; and

- Some RPAs developed by the Re-Imagine 1.0 project are no longer in use, while others required enhancements after going into production. A number of sampled RPAs deployed through the project were no longer in use primarily due to unmet business needs, inaccurate results generated, or from the impact of system changes subsequent to implementation. For future IT projects looking to implement emerging technologies such as Artificial Intelligence (“AI”), Management should ensure that business units are aware of the need to sustain the tools being developed, and that sufficient ongoing support is available to enable business units to sustain them.

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impact, audit recommendations and management action plans.

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix A.

1. Some of the Re-Imagine 1.0 workstreams have either not fully met Line of Business (“LOB”) requirements, and/or have not been adopted in business processes.	High
The User Acceptance Testing (“UAT”) Report is a required deliverable for IT projects per the <i>IT Project Management Guideline</i> (OPG-GUID-08120-0002). The UAT Report confirms and documents that the final project deliverables meet the agreed, predetermined requirements identified in the Business Requirements Document (“BRD”). The Project Sponsor’s approval of the UAT indicates that project activities are essentially complete. IA reviewed the systems implemented for a sample of six workstreams, and noted exceptions for five of the workstreams. Specifically, the final deliverable for three of the workstreams did not fully address business requirements. For one other workstream, although the system was implemented, the business had yet to utilize it for the intended purpose. In one other workstream, the system was not implemented as that scope was discontinued. Details of IA’s observations include the following: • ‘Supply Chain (“SC”) Guided Buying’ - The project implemented system features for Guided Buying, although only a simplified catalog of items were introduced (e.g. office supplies, document shredding). Through the Roadmap to Excellence initiative, SC will be introducing additional services (e.g. Professional and non-consulting services) to be made available through guided buying. IA was unable to assess whether the business requirements for Guided Buying were fully addressed by the project, as neither the BRD nor the UAT documents were retained within Documentum; • ‘Supply Chain Lifecycle and Performance Monitoring’ - System features for Performance Monitoring (e.g. vendor scorecards) were implemented. However, the features for vendor master control (e.g. lifecycle management) were placed on-hold, due to challenges with system integration and a lack of business resources to support implementation efforts. Change control documentation was not prepared to remove the lifecycle management scope from the project; • ‘HR Service Desk’ - The project implemented the MyRequest system, which was in active use. However, IA noted that not all of the requirements identified in the BRD had been addressed by the project. Of the 147 requirements identified in the BRD, 81 (55%) were in pending, partially complete, or out-of-scope status. 44 of the 81 unresolved requirements were previously assessed by the business unit as “critical” requirements, another 26 assessed as “important”, and the remaining 11 assessed as “optional”; • ‘Finance Legal Consolidation’ - The project implemented the legal consolidation solution for the External Reporting Group; however, the team had yet to use the system for consolidation reporting purposes. IA noted that although an email was received from a Finance Senior Manager confirming UAT completion except for cash flow statement functionality, a formal UAT report was not prepared to confirm that the solution fully met the business requirements; and • ‘Finance Transaction Correction’ - This workstream was cancelled, as after BRD development, the Finance organization decided to not to pursue the solution because it would not provide the value expected. The discontinuation of work for this workstream was discussed in the January 2020 Steering Committee meeting; however, formal change control documentation was not created to remove the workstream from the scope of Re-Imagine 1.0 and it was incorrectly reported in the Project Closure Report (“PCR”) as complete.	

Potential Cause & Impact

Potential Causes:

- Being a new type of project to the organization, Re-Imagine 1.0 may have been attempting to accomplish more projects than feasible within the budget and schedule constraints, potentially resulting in not all business requirements being addressed;
- Issues that were not identified or anticipated during the planning phase of the project (e.g. data quality issues impacting the creation of a reliable system interface) may have presented challenges to the project in fully addressing the original business requirements; and
- The success of the project was dependent on the cooperation of and support from BU resources to implement business process changes to accommodate the new systems. Competing priorities and resource constraints within the BUs may have resulted in the implemented systems either not fully meeting the intended objectives, or not being fully adopted by the BU.

Potential Impact:

- Unanticipated challenges encountered by the Re-Imagine 1.0 project may have contributed to the project costs being over the originally determined budget; and
- The solutions implemented may not address all of the requirements identified by the BUs, which could challenge the business' ability to achieve intended cost reductions without introducing additional projects to fully utilize system features.

Recommendation

- For workstreams where delivered solutions did not entirely meet the BRD requirements, Management should perform a Lessons Learned ("LL") exercise to review the solutions implemented, identify the high-level requirements that were not addressed, and assess whether future projects or base-support is required for the unresolved requirements; and
- For workstreams that have not incorporated the accepted solution into current business processes (i.e. the Finance Legal Consolidation workstream), Line Management should oversee appropriate change management practices to enable the realization of the anticipated benefits.

Management Action Plan

1. For workstreams where delivered solutions did not entirely meet the BRD requirements, Management will engage the business groups to perform a LL exercise. As part of the LL, Management will:
 - Review the solutions that Re-Imagine 1.0 delivered (e.g. whether they continue to meet business needs);
 - Identify the high-level requirements that were not addressed through the project and determine whether they are still needed by the business units, and
 - Assess whether additional work is required to resolve the requirements that were not addressed by Re-Imagine 1.0, so they could be considered for future base-support and/or inclusion in the project portfolio for prioritization.

Owner: Jesse Migliaro, Director Transformation Program

Target Completion Date: August 31, 2022

2. For the Finance Legal Consolidation workstream, Management is in the process of getting BPC Consolidation operational by entering historical financial results into the system, and resolving differences between the system output and the official results manually prepared.

Management will define a plan to adopt BPC Consolidation, including defined milestones for the following activities:

- Entering 2021 financial results into BPC consolidation;
- Performing parallel run for several quarters (with BPC consolidation and manual consolidation being performed concurrently);
- Resolving differences from the parallel run; and
- Go-live.

Owner: Chessa Jope, Director External Reporting & Accounting Policy

Target Completion Date: April 15, 2022

2. Some RPAs developed by the Re-Imagine 1.0 project are no longer in use, while others required enhancements after going into production.	High
RPA involves the introduction of software robots (or ‘bots’) that are programmed to simulate routine, repetitive human activity, such as clicking buttons and copying files, typically found in manual business processes. Replacing these actions by robots can increase process efficiency and overall productivity. As identified in the PIR reports of the Robotics Process Automation and Enterprise Robotics Automation projects, 36 bots were implemented as part of the RPA workstream. IA selected a sample of 10 RPAs, and through discussions with the line of business RPA owners, noted the following observations: • Four instances were identified in which the robot was not in use as of the date of this report. Specifically: ○ The ‘Talent Attraction – Offer Letters’ robot was never put into production as the complexity of data source hindered the bot’s proper operation; ○ The ‘Settlements Process’ robot did not meet business needs and was unstable (e.g. RPA was slow and often timed-out), thus it has not been in use since 2019; ○ The ‘Training Record Processing – Manual ITR & PEL’ bot was put into production but taken out of service due to interface changes from the SmartForm application implementation. As at October 2021, the business group was addressing the changes while also considering other simpler and more sustainable alternatives; and ○ The ‘PO processing’ robot was reported to have contributed significantly to the clearing of open Purchase Orders (“PO”) and Material Requests (“MR”) in 2019, but was taken offline as the bot had occasionally closed POs and MRs in error. The bot has since been replaced by a Visual Basic and Excel-based tool named Service Dashboard which is more compatible with current system and provides enhanced analytics; • The ‘ICOFR Audit’ robot used by HR Pay Support Services to detect unauthorized employee master data changes was not adequately designed, since it did not consistently detect all unauthorized changes to master data. As a result, the activities performed by the robot had to be manually re-performed in 2019 (i.e. a manual review of all master data changes to detect any unauthorized changes had to be done). The robot was abandoned, and a new robot subsequently built, which required additional expense and time from the business unit to help develop and test; and • Five other bots (‘Oncore’, ‘Onboarding’, ‘Business Expenses’, ‘Posting PO Notes to SWCMT’ and ‘Integrity Reports’) remain in use and have been found to contribute to business process improvements. However, business units had to plan for and undertake sustainment activities to ensure the robots effectively meet business needs after being put into production.	

Potential Cause & Impact
<u>Potential Causes:</u> • Testing conducted by business units before the bots were placed into production may have been insufficient to anticipate certain issues. This would have led to errors only being detected while the bots were in active use (e.g. bots were closing POs in error, failing to detect unauthorized changes to employee master data); • Inadequate support provided by the IT Services Provider and/or business unit to ensure the RPAs are updated to account for source-system and process changes. <u>Potential Impact:</u> • The resources assigned to the development of RPAs may not have consistently yielded their expected return; and • There may be further disruption to standard business operations, as business resources have to re-perform work that was thought to be accurately processed by the robot.
Recommendation
Through the lessons learned from the Re-Imagine 1.0 RPA deployment, the Re-Imagine 2.0 Project Team should ensure that, for emerging technologies (e.g. AI tools) to be implemented: • Checklists and documentation be provided to business unit management to inform them of the steady state support requirements; • Ongoing support be available to help the business sustain the tools in their daily activities and troubleshoot unforeseen issues.
Management Action Plan
1. For new AI and RPA tools are deployed into production, checklists and documentation will be provided to business unit management to inform them of the steady-state support requirements for the tools (e.g. tools need to be continually updated to incorporate new scenarios, CIO support contacts). Owner: Daniel Lau, Senior Manager Digital Innovation & Strategy Target Completion Date: May 31, 2022 2. IT Services will ensure that ongoing support is available to enable business units to sustain the tools and troubleshoot unforeseen issues. Owner: Chris Woodcock, Director IT Services Target Completion Date: May 31, 2022

3. The PIR was finalized late, and a change control form was not completed to update the PIR requirement.	Low
The PIR Procedure (OPG-PROC-0056) indicates that a Comprehensive PIR (“CPIR”) should be performed for projects that are strategic in nature and/or when requested by the Project Sponsor. The PIR Plan in the full release BCS for Re-Imagine 1.0 noted that a CPIR was to be completed, as indicated by the Project Sponsor at the time, who was the Chief Information Officer. In reviewing the PIR completed for Re-Imagine 1.0, IA noted the following: - A Simplified PIR (“SPIR”) was completed in place of a CPIR. As a result, the PIR performed for Re-Imagine 1.0 focused only on the targeted headcount reduction as a relevant metric, and did not include an evaluation of other measures, including an assessment of project management activities such as scope management and lessons learned on the investment. In addition, the project did not benefit from having an independent team to undertake the PIR for the project as required for a CPIR. The Re-Imagine 1.0 Project Management team indicated that the requirement for a CPIR was included in error, as it was intended that only a SPIR was to be prepared. This could not be validated by the original Project Sponsor, as they are no longer employed by OPG. A project change control form was not prepared to revise the PIR plan; and - In accordance with OPG-PROC-0056, a SPIR is required to be completed no later than six months following the completion of a project (i.e. by February 2021 for Re-Imagine 1.0). IA noted that the PIR was finalized and approved by the new Project Sponsor in October 2021, 15 months following the Project Completion Report (“PCR”) being completed.	
Potential Cause & Impact	
<u>Potential Causes:</u> - With the actual spend for the Re-Imagine 1.0 project (\$17.5 million) being below the dollar threshold recommended for a CPIR (\$25 million), together with the change in Project Sponsor, the project team might not have been aware that a CPIR was requested in the PIR plan; - A change control document to revise the PIR plan may not have been prepared as the error was discovered after the project closed; and - Stakeholders in the completion of the PIR had competing priorities, potentially resulting in the completion of the PIR taking a lower priority and ultimately being completed later than the required timelines in OPG-PROC-0056. <u>Potential Impact:</u> - Lessons learned on the Re-Imagine 1.0 investment were not required as part of a SPIR, to inform management decisions when investing on other projects within OPG. While the project team did capture various lessons learned from Re-Imagine 1.0 for consideration when planning Re-Imagine 2.0, with the delay in completing the SPIR, there is a greater risk of not capturing all lessons learned accurately in a timely manner.	
Recommendation	
Given the project is closed and a SPIR has been completed, no action is required from the project’s perspective. The PIR Procedure (OPG-PROC-0056) training / reminders should be provided to stakeholders involved in the PIR process.	

Management Action Plan

The PIR procedure will be reviewed and updated with an enhanced process. The roll out of the new procedure will include communication with key stakeholders regarding expectations.

Action Owner: Garry Lam, Senior Manager, Portfolio Management

Target Completion Date: September 30, 2022

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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Giselle Contaste Manager, Internal Audit
Nellia Kamwendo Manager, Internal Audit



Internal Audit

Software Management

Date: April 20, 2022

Report Rating:

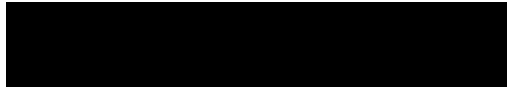


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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

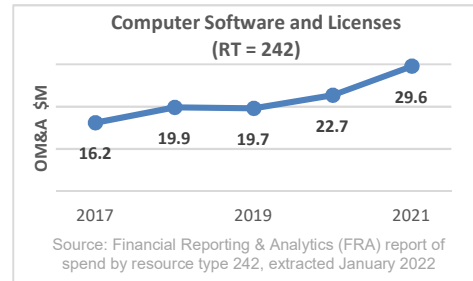
Report Rating: [REDACTED]

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2	[REDACTED]				
3	Some software management process activities were not documented.				
Total					

1.2 Background

OPG uses many externally developed and licensed software packages to support business and operational requirements. Most are provided and supported through renewable software license agreements which govern the rules for fair use, while overall ownership and intellectual property rights for the source code is retained by the developer and distributor. Other types include perpetual license agreements and licenses through membership of organizations such as Electric Power Research Institute ("EPRI") and CANDU Owners' Group ("COG").

Over \$29 million was spent in 2021 on "Computer Software and Licenses" which has been trending upward since 2017. Approximately 95% were incurred by the Chief Information Officer ("CIO") organization to support OPG operational software requirements. Other business groups with spend in this area are Renewable Generation (2.4%) and Nuclear (1.6%).



Major software vendors periodically conduct software license audits to identify instances of non-compliance, which can result in financial penalties being imposed. A recent survey indicates these audits are increasing in frequency to combat software piracy and fines also provide an extra source of income for vendors². Changes to vendor license agreement terms can increase the risk of non-compliance if business users are not updated. Some vendors may incorporate different software licensing technologies into products, such as central validation, which reduces the risk of non-compliance. IA is not aware of any OPG software-related fines in recent years.

Changes to business processes and software needs may result in unused or under-utilized software that OPG continues to pay for. The increase in cloud computing options including Software-as-a-Service ("SaaS") makes compliance with software licensing requirements more challenging, as user groups can enter into agreements for online software outside of the standard IT procurement process.

This was a risk-based audit identified in Internal Audit's ("IA") 2022 Audit Plan, due to the increasing usage of a variety of software products throughout the business.

¹ Please refer to Appendix A for risk rating definitions

² Which software publishers are currently auditing?", itassetmanagement.net, 2021

1.3 Objective & Scope

The objective of this audit was to assess whether the design and operating effectiveness of controls and processes in place to ensure OPG's compliance with contractual commitments for licensed software and optimization of licensing costs.

In order to achieve the audit objective, we reviewed the process and tested, on a sample basis, whether:

A. Control Environment and Risk Management
• There were clear policies and procedures in place to identify the roles, responsibilities and key objectives for software license management; • Key software vendors had designated contract managers assigned within OPG who were responsible for re-approving the licensing expenses, managing software demand and applying the required updates to the terms and conditions of the agreement; and • Key risks related to software licensing (including compliance and cost) were periodically monitored.
B. Software License Compliance
• Compliance with contractual commitments (whether by named users, installations, number of processor units, etc.) was monitored by management including vendor software auditing; • License renewals were processed timely; • Data used in license monitoring and auditing was verified to be accurate and complete; • Exceptions identified in external licensing audits were reviewed and validated by management; • Non-compliant software usage and installation on OPG devices (including laptops, desktops, servers and mobile devices) was prevented, detected, removed and investigated as necessary; • Contracts assigned to management license agreements for the business units were available and kept current; • Approvals to renew and pay for license agreements followed the requirements established in the Organizational Authority Register ("OAR"); and • PCard purchases were monitored for exceptions and reported to management.
C. Software License Cost Optimization
• Opportunities for software consolidation, optimization, reduction and/or elimination were pursued by CIO with the license holders in the business units; • Purchasing of software licenses (in terms of concurrent users, CPUs, subscriptions to online services including cloud applications, etc.) was limited to business need; and • Software spending through major distributors (e.g. Softchoice) was monitored and supported by favorable contract terms (e.g. rebates).
D. Fraud Considerations
• Intentional circumvention of established controls by employees to procure, install or use unlicensed software.
E. Opportunities for Improvement
• Potential opportunities for cost recoveries and savings related to efficiency of processes and documentation (e.g. automation, duplication of activities).

The scope included activities from January 1, 2021 to January 31, 2022 and included both software procured through CIO and software procured directly by business units.

1.4 Conclusion

Overall, the processes and controls over software management and software compliance require improvement. Evidence of consistent operation of some activities was not retained, and some processes were not well-documented. A summary of positive observations, key audit findings and recommendations, and opportunities for improvement is provided below.

Positive Observations

- The CIO IT Services tracked license renewal dates in the CIO IT Asset/Contract Tracking SharePoint System and periodically reviewed using Look-ahead Reports to manage the upcoming license renewals;
- The Microsoft System Center Configuration Manager was used to remove specific software to recover unused licenses automatically; and
- A relationship with a preferred software reseller, SoftChoice, had been established to facilitate cost savings with volume licensing for certain standard software purchases.

Findings & Recommendations

- [REDACTED]
- [REDACTED]
- Some software management process activities were not documented to facilitate consistency in execution. CIO management should document software management process activities that are to be defined per the Software Asset Management Plan.

The findings noted in this report have been reviewed with management, and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above finding along with the associated risk impacts, audit recommendations and management action plans.

Opportunities for Improvement

- The CIO risk management process used a “top-down” risk identification approach, covering residual risks from an organizational perspective, which did not include operational risks such as software license monitoring. CIO management may consider including a “bottom-up” approach to identify, evaluate, assign ownership and track operational risks.

- [REDACTED]

Management Action Plan

[Redacted Content]

[illegible]

Potential Impact

[REDACTED]

Recommendation

[REDACTED]

Management Action Plan

[REDACTED]:

- [REDACTED];
- [REDACTED]
- [REDACTED].

[REDACTED]

3. Some software management process activities were not documented. [REDACTED]

The Information Management Program (OPG-PROG-0001) sets out requirements to create and maintain documentation over roles and accountabilities. Documentation is critical to quality and process control, and facilitates consistent and effective software management activities as well as knowledge-sharing within the CIO team.

[REDACTED]

Meeting materials, minutes and action logs are maintained for BSC meetings; however, the following are some of the active processes executed within CIO IT Services management where no documentation was available to describe the activities:

- [REDACTED]
- [REDACTED];
- [REDACTED]
- [REDACTED]

Management have commenced the establishment of program documentation through the issuance of a Strategic Asset Management Program document on March 11, 2022, with further development of asset management process documentation for software, hardware, IT contracts and IT projects to follow.

Potential Cause & Impact

Potential Cause:

Documenting activities related to software compliance monitoring was not prioritized.

Potential Impact:

Software license compliance related activities may not be executed consistently, particularly in the event of turnover in personnel.

Recommendation

CIO management should document the following processes:

- Review of monthly license compliance reports and follow up on discrepancies identified;
- Management of the PoE mailbox and provision of PoE entitlement detail to NHSS;
- Review of Look-ahead Report to monitor upcoming license renewals; and
- Use of Microsoft System Center Configuration Manager to remove specific software to recover unused licenses.

For process documents outside the OPG governance document hierarchy, documents should include the expected review period and version record to ensure these documents remain up to date and the correct version is used to carry out process activities.

Management Action Plan

CIO Management will issue a comprehensive Software Asset Management Plan ("AMP"), with Corporate and LOB adherence in mind. The Software AMP will describe:

- Process for managing and renewing software licenses;
- Requirements for Business Continuity per application;
- Mechanism to observe/measure/report on software license compliance; and
- Process for determining software asset value

[REDACTED]

[REDACTED]

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

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Chief Administrative Officer

Jason Wight

Chief Information Officer

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	Maurice Armstrong	Senior Manager, IT Services
	Aleem Juma	Senior Manager, Internal Audit
	Nancy Woodward	Senior Manager, IT Program
	Arun Navaratnasingam	Manager, Internal Audit



Internal Audit

Climate Change Strategy

July 28, 2022

Report Rating: **Requires Improvement**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: **Requires Improvement**

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	An overarching process was not in place to track progress towards net-zero by 2040.	Operational		X	
2	Action owners did not consistently provide detailed updates in Asset Suite to enable tracking and reporting.	Operational		X	
3	Business units did not always assess potential investments for climate change risks and adaptation opportunities, and risk assessment information entered into the C55 system was not always complete and accurate.	Operational		X	
4	Plans for the implementation of certain recommendations by the Task Force on Climate-related Financial Disclosures ("TCFD") were yet to be developed.	Operational			X
Total		4	-	3	1

1.2 Background

Climate change is an important issue impacting Ontario and OPG. The company has set targets to be a net-zero carbon company by 2040, and to support Ontario's goal of a net-zero carbon economy by 2050. In November 2020, OPG launched a Climate Change Plan ("CCP") to document and establish plans to meet its targets, which includes actions to mitigate and also adapt to climate change risks, and initiatives to innovate and lead others to manage climate change. As a leader, OPG established the CCP in advance of a legislative or policy framework based on best available information, and may need to review its plans as further guidance becomes available.

Under the direction of the Climate Change Steering Committee, the Climate Plan Working Group ("CPWG") ensures alignment on the progression of CCP actions, including providing a forum for sharing updates and requests for management support. The Climate Change Adaptation Working Committee's ("CCAWC") original mandate was to execute the enterprise roadmap for the coordination of adaptation activities. Adaptation activities were formerly led by the Enterprise Risk Management organization, and were transitioned to Environment, Health and Safety ("EH&S") in 2021, who are in the process of revising the adaptation strategic priorities for the business. Climate change activities are guided by the *Management of Climate Change* Standard (OPG-STD-0172) and *Adapting to Climate Risk* Standard (OPG-STD-0143).

As part of the annual business planning process, Business Units ("BUs") are required to identify projects and initiatives that facilitate OPG's climate change mitigation and adaptation efforts. In 2017, the Task Force on Climate-related Financial Disclosures ("TCFD") recommended that organizations develop climate-related financial risk disclosures that are measurable and relevant to stakeholders. OPG is currently reporting on most of the metrics included in the TCFD's recommendations in the quarterly Management Discussion and Analysis ("MD&A"). In the summer of 2022, OPG plans to introduce an Environmental, Social and Governance ("ESG") Report, where climate change performance will also be included.

¹ Please refer to Appendix B for risk rating definitions.

This was a risk-based audit identified in Internal Audit's ("IA") 2022 Audit Plan, selected given the importance of OPG's Climate Change Plan to the company's ESG performance.

1.3 Objective & Scope

The objective of this audit was to assess the design and operating effectiveness of processes and controls in place to enable OPG to achieve the commitments outlined in the company's CCP, and to assess the company's readiness for potential future reporting obligations in accordance with Canadian securities regulations. To achieve the audit objective, we reviewed the process and tested, on a sample basis, whether:

A. Governance
• OPG's climate change strategy and plan aligned with the company's strategic priorities, and included an accountability framework assigning roles and responsibilities; • Relevant stakeholders were engaged to implement a systematic approach to climate change efforts, and a communication strategy developed to ensure the messaging to these stakeholders supported OPG's social licence imperative; • Required financial, human & operational resources had been identified to support CCP efforts; and • Relevant climate science and data was maintained in the climate resilience toolkit.
B. Climate Change Actions (e.g., Mitigate, Adapt, Innovate, and Lead)
• The actions identified in the CCP to be completed by 2025 were being progressed and tracked to their timely completion; • Climate change actions to be completed beyond 2025 were identified, measurable, & progressed; • Mitigation and adaption projects and initiatives identified in the Business Plans ("BPs") were costed, monitored and executed; • Climate change vulnerabilities were identified and risk treatment activities were developed and documented; • Projects were assessed for climate vulnerabilities and potential opportunities to increase resilience; • Climate change-related performance metrics in executive compensation arrangements were appropriately aligned to OPG's climate strategy; and • Greenhouse gas ("GHG") emissions were being monitored in support of making OPG a "net-zero" carbon company by 2040.
C. Reporting
• The status of planned actions to address climate change were reported in order to assess their progress and effectiveness; • Risks and performance metrics (e.g. GHG emissions) were accurately prepared and reported; • CCP reporting to the Board was aligned with the progress of climate change actions and other internal / external reports; • Climate change data was available to facilitate ESG reporting, and emerging and/or best practices reporting requirements (e.g. the proposed National Instrument 51-107); and • TCFD recommendations were being implemented as appropriate.
D. Fraud Considerations
• GHG emissions may be intentionally reported incorrectly.
E. Opportunities for Improvement
• There were potential opportunities for cost recoveries and savings related to efficiency of processes and documentation (e.g. automation, duplication of activities).

Scope Period: The scope included activities from January 1, 2021 to May 31, 2022 and precursor activities from prior periods as relevant.

1.4 Conclusion

Overall, the processes and controls in place to enable OPG to achieve the commitments outlined in the company's CCP require improvement. A summary of positive observations, key audit findings and recommendations, and opportunities for improvement is provided below.

Positive Observations

- Data on carbon emissions from OPG's operations ("scope 1"), required to be reported per Federal and Provincial regulatory requirements, were accurately captured. IA also noted a robust review process and oversight to confirm the accuracy of the emissions information;
- There was an established communication plan to support the CCP roll-out, which included multiple streams of communication aimed at internal and external stakeholders. Modes of communication included webinars, internal webpage, meetings, presentations and several forms of social media; and
- The Model Development & Analytics team collaborated with EH&S to develop a "net-zero mixer" model, which calculates the expected GHG emissions in Ontario under various energy demand and supply mix scenarios, based on the degree of electrification (e.g., in the transportation sector) and projected installed generation capacity by type (e.g. Nuclear, Gas-fired) in future periods. The model should help OPG in developing the pathway towards the goals stated in the CCP.

Key Findings & Recommendations

- Management has yet to establish an overarching process to track progress towards net-zero by 2040. The initiatives and the costs needed to support net-zero were not yet defined, and any gaps that may exist to achieve net-zero, after implementation of the initiatives, were not yet determined. Recognizing the significant uncertainties that exist around the success of currently identified initiatives and future organizational, societal and regulatory developments, IA recommends that management establishes a roadmap to track progress to net-zero, including key indicators of success for identified initiatives and quantification of estimated costs of achieving net-zero;
- CCP action owners did not consistently provide detailed updates in Asset Suite to enable tracking and reporting. In addition, a process to report on overall progress of detailed actions towards the CCP goals had not been implemented. IA recommends that, where applicable, management ensures that CCP actions are measurable, CCP action status updates are provided in sufficient detail to demonstrate progress towards completion, and a process is established to enable periodic communication on the status of actions on a program-wide basis to key stakeholders; and
- Business units did not always assess potential investments for climate change risks and adaptation opportunities, and risk assessment information entered into the Copperleaf 55 ("C55") system was not always complete and accurate. IA recommends that additional training be provided to subject matter experts and investment owners on the requirements outlined in governance on when and how to perform climate risk assessments, and that the enterprise-wide adaptation strategy currently under development is finalized and implemented within the business unit to support the identification of climate change adaptation and resiliency benefits in investment opportunities.

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impact, audit recommendations and management action plans.

Opportunities for Improvement

- Expectations for organizations to incorporate corporate ESG measures into executive compensation arrangements, including those related to an organization's climate change related performance, are becoming increasingly prominent among various stakeholder groups². The measure developed by Management for inclusion in the company's 2022-24 Medium Term Incentive Plan ("MTIP"), as approved by OPG's Board of Directors in February 2022, is based on the timeliness of placing certain execution-phase projects with stated climate change benefits in service in accordance with OPG's capitalization policy.

As the incorporation of ESG measures into executive compensation arrangements become more mature across the industry, IA recommends that OPG continues to monitor developments in best practices, and incorporate into future executive compensation arrangements as appropriate;

- In reviewing the incorporation of CCP actions within Asset Suite, IA noted that none of the 25 CCP actions due to be completed by 2040 and 2050 are currently being tracked in Asset Suite. IA recommends that CCP actions due in 2040 and 2050 are assessed for any potential activities due to be scheduled in shorter time intervals, and document these constituent activities within Asset Suite with defined milestones and assigned owners as appropriate;
- The climate change resilience toolkit provided information on climate change adaptation which was beneficial to project owners as they assessed whether projects required a climate change assessment and would impact climate resilience. However, there was no defined minimum frequency to update the toolkit information to ensure the information is current. IA recommends that intervals for assessing whether the data in the toolkit is up to date are defined and implemented accordingly; and
- OPG-STD-0172 Section 2.1 outlines that Management roles and accountabilities are identified in section 3.0 of the Standard as well as the CCP, although the CCP did not include this information. IA recommends that Management should update the Standard to remove references that Management roles and accountabilities are cited in the CCP.

² Principle 6 – Incentivization in *"How to Set Up Effective Climate Governance on Corporate Boards Guiding principles and questions"*, World Economic Forum, 2019

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix B.

1. An overarching process was not in place to track progress towards net-zero by 2040.	Moderate
OPG targets to become a net-zero carbon company by 2040. The proposed method for calculating net-zero was defined in OPG's CCP, and includes the aggregation of direct and indirect carbon emissions from OPG generating stations and purchased energy, reduced by emissions eliminated through carbon removal solutions and purchase of offset credits from third parties. The ongoing work to define net-zero and establish legislative/regulatory frameworks at both the provincial and federal levels create uncertainty for OPG's climate change program. The expected reduction in carbon emissions through major strategic initiatives, including Small Modular Nuclear ("SMR") development, transportation electrification, hydroelectric generation investment, and the purchase of offset credits, were quantified and disclosed in the CCP. The plan provided different scenarios that may be pursued in relation to the initiatives. IA noted that while management is tracking the planned volume of greenhouse gas ("GHG") emissions expected from OPG generating stations up to 2040, and is aware of emissions reductions from its planned projects, an overarching process to enable continued tracking of the contribution of identified initiatives towards net-zero by 2040 was not in place. Such a process may have the following benefits: • A more comprehensive and transparent identification of expected initiatives and their contribution to reducing GHG emissions. This would include recognizing management's best estimate and key assumptions required to recognize this estimate, while acknowledging the risks and uncertainties associated with achieving this estimate, and formation of risk mitigation plans and actions where appropriate; • Identification of potential gaps to achieving net zero where current planned identified initiatives are not expected to fully offset GHG emissions. Identifying any such gaps would enable OPG to take better informed actions and aim efforts at other initiatives, where viable; • Enable the ability to reforecast OPG's trajectory to net zero in a more timely manner to take account of new information; and • Provide OPG's Executive Leadership Team ("ELT") with more information to monitor OPG's current forecast position, challenges and uncertainties in a more defined manner. While management has developed scenarios of GHG emissions that could be avoided from developments in the generation mix in the Ontario market (e.g., the deployment and use of SMRs in place of thermal generation), the modelling developed thus far estimates the emissions position of the province as opposed to that of the company, including contributing actions and emissions from all market participants. In order to track the company's progress to net-zero, the modelling would require to be tailored to identify OPG's contribution to the energy mix, and be supplemented with estimated emissions savings from the climate actions identified by management that are not directly linked to the company's generation.	

Potential Cause & Impact

Potential Causes:

- The forecasting of the impact of actions in mitigating projected emissions has been hindered by the significant levels of uncertainty in both the execution and evolution of both identified initiatives and current industry issues which are not within OPG's control, such as:
 - the output-based pricing system ("OBPS"), and the role of emitting generation (i.e., natural gas) to support the development of non-emitting resources like SMRs and renewables;
 - the carbon offset system, which is not currently in place in Ontario and is uncertain in both the construct of the market and the pricing of potential offsets (management is in the process of preparing a high-level offset cost analysis); and
 - limitations in carbon capture technology, which remains in its early stages; and
- Competing priorities in executing other aspects of the climate change program may have resulted in less importance being placed on such tracking, given the longer-term nature of CCP objectives.

Potential Impact:

- If a projected roadmap to net-zero is not developed, the effectiveness of planned initiatives and emissions status may be unknown or difficult to track. This could result in gaps requiring either more than planned purchase of energy credits to achieve net-zero, or additional initiatives to reduce carbon emissions; and
- OPG may not be able to identify and manage key risks associated with executing some of its "known" initiatives at a sufficiently detailed level.

Recommendation

Management should:

- Refine its process to enable tracking the contribution of relevant initiatives towards net-zero, incorporating projected emissions and forecast reductions from identified initiatives;
- Quantify the estimated costs associated with any revised plans or initiatives. This includes updating and expanding the offset cost analysis currently under development; and
- Communicate to the ELT on a prescribed frequency on the current forecast of tracking to net zero.

Management Action Plan

Management will:

- Update OPG's net zero forecast to track the contribution of key initiatives, including projected emissions and reductions. This will be completed every two years, or on an ad hoc basis when any significant changes to expected emissions, key initiatives or major regulatory developments (e.g., finalization of the federal Clean Electricity Standard) occur;
- Quantify and update the estimated costs of purchasing offsets for OPG's net zero planning scenarios, as the regulated and voluntary offset market gain certainty. This will include updating and expanding the offset cost analysis currently under development; and
- Communicate the information above to the ELT in accordance with the frequency above (i.e. every two years or on an event-driven basis as appropriate).

Action Owner: John Beauchamp, Director, Environment, Health & Safety

Target Completion Date: June 15, 2023

2. Action owners did not consistently provide detailed updates in Asset Suite to enable tracking and reporting.

Moderate

OPG's *Management of Climate Change* standard (OPG-STD-0172) indicates that CCP actions associated with 2025, 2040 and 2050 timelines are to be tracked in Asset Suite. The standard further requires that OPG reports progress on CCP activities to the Board through various channels, including semi-annual reporting with support from the senior-level Climate Steering Committee, the CPWG, and other departments.

OPG's CCP was launched in November 2020 and outlined climate actions, including some aspirational overarching actions. Actions may be added and removed in accordance with line of business priorities and evolutions in climate change initiatives. The Asset Suite system is used to track ownership, progress, and status of CCP actions, and Action Owners are expected to update the action status on all identified actions on a semi-annual basis at minimum. As of the date of this report, there have been two updates since the inception of the CCP (i.e. August 2021 and May 2022).

IA's review identified the following observations on the process to track CCP actions in Asset Suite:

- A process to provide an aggregated summary of overall progress of relevant detailed actions towards the CCP goals had not been implemented;
- Of the 68 identified climate actions due by 2025 or 2026 that were tracked in Asset Suite:
 - Status updates provided for nine actions did not include specific details to enable management to assess the progress made. For example, some action owners documented items were "in-progress, on target", with no additional information provided on actual progress on the actions to date. IA also noted that the owners for another nine actions did not provide an update for at least one cycle;
 - Milestones were not defined for 23 actions that were due in 2025 and 2026, to enable Management to periodically monitor and track progress against plan to facilitate consistent reporting and review of the status of actions;
 - Thirteen actions had their due dates revised from December 2025 to December 2026, one year after the originally planned timeline. Justification was not provided on the reasons for the deferral except in one instance;
 - Ten actions were documented as high-level objectives, and did not have specific actions associated with them; and
 - Three actions were closed without documentation to support the basis on which they were closed. Three additional actions had closure notes; however, the actions were not closed in the system.

Potential Cause & Impact

Potential Causes:

- Certain action owners (e.g., owners involved in the development of small modular reactors) report status of their initiatives through alternate channels (e.g., directly to line management or the Board of Directors), and may have overlooked documenting detailed updates in the Asset Suite system;
- Lack of developed program level view as a result of potential over-reliance on action owners executing assigned actions within their area of accountability;
- Some climate actions were not developed using the SMART (Specific, Measurable, Achievable, Reasonable, Time bound) criteria; and
- Some actions may have been deferred due to competing priorities (e.g., the company's response to the COVID-19 pandemic).

Potential Impact:

- Stakeholders may not be aware of the progress of climate change actions, as the status of actions reported in Asset Suite were not always accurate and complete;
- Certain climate actions may not be measurable, achievable and time bound, as they were not developed using SMART principles; and
- By not tracking the status of actions in the aggregate, overall program action health versus expected timelines may be difficult to determine and required corrective actions may not be taken.

Recommendation

Management should establish a process to manage CCP actions, and:

1. Develop a SMART guide to support lines of business to ensure that pertinent climate change actions are specific, measurable, and timely. Deliverables and milestones on a prescribed frequency should be defined for SMART actions;
2. Ensure that the CPWG tracks the status updates provided by action owners and that progress towards completion is being demonstrated;
3. Incorporate an aggregate summary of climate change action status in the annual CCP status update to key stakeholders; and
4. Document closure notes in Asset Suite for all closed actions.

Management Action Plan

Management will:

1. Develop a SMART guide to support lines of business to ensure that pertinent climate change actions are specific, measurable, and timely. Annual deliverables and milestones will be defined, where applicable, by line management;
2. Refine the process to ensure that status updates are provided by action owners on a bi-annual frequency within Asset Suite;
3. Incorporate an aggregate summary of climate change action status in the annual CCP status update to key stakeholders; and
4. Document closure notes in Asset Suite, confirming that closed actions are, in fact, complete. This guidance will be included in SMART guide referenced in recommendation #1.

Action Owner: Barbara Medeiros, Senior Manager, Environment, Health & Safety

Target Completion Date: March 15, 2023

3. Business units did not always assess potential investments for climate change risks and adaptation opportunities, and risk assessment information entered into the C55 system was not always complete and accurate.

Moderate

The *Adapting to Climate Risk* Standard (OPG-STD-0143) requires BU investment owners to identify and flag in the C55 system whether climate change and climate resilience risks and opportunities are considered for potential investments during the investment planning phase. In their BP presentations, BUs are required to provide a summary of investments and projects that were flagged for climate assessment and the potential to increase climate resilience.

The climate assessment and climate resiliency flag completion requirement within C55 was introduced for new investment opportunities only at present, and has not yet been applied to assess existing OPG assets for risks and mitigating actions. IA reviewed potential investments that BUs identified in the C55 system and the annual business planning presentations, and noted the following:

- ☐ Climate adaptation flags were added to the system in September 2021. From this date, there were a total of 648 investments added into the C55 system. Of those 648 investments, 297 (46%) investment owners did not complete the flag indicating whether a climate change assessment was needed. Of the 297 investment owners who did not complete this flag, 228 also did not complete a flag to indicate whether the investment would improve climate resilience or mitigate transition risks;
- ☐ With formal assessments of climate resiliency for existing assets still to be undertaken, it was noted that only a small proportion of investment opportunities entered into C55 since the implementation of adaptation flags (i.e. less than 5%) were noted as having a climate resiliency benefit;
- ☐ Climate change information / flags entered into C55 by BU investment owners were sometimes incomplete or inaccurate. For example:
 - Three projects included in the MTIP scorecard metric as supporting climate change adaptation efforts did not have climate change or climate resilience assessments as required in C55;
 - Of a sample of 13 projects, four were flagged as not requiring a climate assessment despite having identified transition risks. In further discussions, the respective BU investment owners indicated that the projects had been incorrectly flagged to have a resilience impact; and
 - Four projects documented in BP presentations as having climate adaptation benefits were either flagged in C55 as not requiring a climate change assessment, or was not flagged in C55.
- ☐ For investment programs identified in BP presentations as contributing to climate resilience, it was not always clear how such projects increased climate resiliency. For example, programs such as Market Renewal for Energy Markets and Pickering Wi-Fi Powerhouse were identified as increasing climate resilience through changing climate parameters; however, the program elements noted as providing the benefit did not align with climate resilience contributions identified in OPG-STD-0143.

Potential Cause & Impact

Potential Causes:

- BU investment owners may not have been familiar with the requirement to complete a climate change assessment for potential investments and document the assessment completion in C55;
- Historically, when assessing potential investments to progress to projects, evaluation criteria has been based on commonly established principles (e.g., economic justifications or assessments of component reliability based on operational experience). Results of the climate assessment and climate resiliency flags were not previously considered in the process. As the climate adaptation flags were implemented in September 2021, management is still implementing processes to utilize climate data in investment decision making;
- There was no central oversight performed to review the completeness and accuracy of climate change assessment information entered into C55; and,
- As at the date of this report, EH&S were in the process of revising the adaptation strategy outlining the climate change adaptation priorities for the business. As a result, the previously formed Climate Change Adaptation Working Committee that had been responsible to provide centralized risk management and climate science expertise to support business decisions, had not met since July 2021, which may have impeded the ability to integrate climate change adaptation considerations into investment decisions.

Potential Impact:

- Climate change risks and resiliency opportunities may not be given sufficient consideration during investment decision making, nor during project design and execution. This could result in missed opportunities or project costs due to climate-related risks and opportunities not being assessed.

Recommendation

Management should:

- Provide additional training to subject matter experts and investment owners on the requirements outlined in governance around when and how to perform climate risk assessments, and consider embedding this information within the C55 system for ease of reference;
- Finalize and implement the revised enterprise-wide adaptation strategy within the business. The strategy should consider the identification of the climate adaptation impact as part of the formal assessment criteria when critiquing investments; and
- Assess whether processes within C55 can be developed to further facilitate climate change-related considerations within the investment management process. This should include:
 - Monitoring tools to enable assessments of the reasonableness of information documented in C55;
 - Embedding automated linkages of identified climate-related investments to BP presentations;
 - Control checks to ensure the list of potential investments and the climate change flags in C55 are complete and accurate.

Management Action Plan

Management will:

- Provide additional training to subject matter experts and investment owners on the requirements outlined in governance around when and how to perform climate risk assessments;
- Finalize and implement the revised enterprise-wide adaptation strategy within the business; and
- Assess the need for and develop processes within C55, where necessary, to further facilitate climate change-related considerations within the investment management process.

Action Owner: John Beauchamp, Director, Environment, Health & Safety

Target Completion Date: September 30, 2023

4. Plans for the implementation of certain TCFD recommendations were yet to be developed.

Low

The Task Force on Climate-related Financial Disclosures (“TCFD”) of the Financial Stability Board (“FSB”) is an organization that developed various voluntary recommended disclosures that organizations may adopt to report on the impact an organization has on the global climate. OPG-STD-0172 states that OPG is committed to implementing the eleven TCFD recommendations, which are summarized in Appendix A. OPG’s support for the disclosure principles outlined by the TCFD is also articulated in the company’s annual MD&A.

On the three TCFD recommendations yet to be implemented by OPG as of the date of this report, IA observed the following:

Scenario Analysis

The scenario analysis undertaken to date by OPG has focused on broader qualitative societal and economic impacts as a result of climate change to help inform the Company’s overall strategic direction, rather than a detailed assessment of the resilience of OPG’s business to the potential impacts of climate change. As of the date of this report, OPG has not yet assessed or disclosed the potential impact on the company’s business under different climate scenarios (e.g., quantifying and disclosing the estimated impact to OPG’s business of specified climate change scenarios, such as an average temperature increase of 2°C in the regions that OPG operates).

In response to some of the challenges identified in developing scenario analysis, management has engaged with key external stakeholders involved in the development of new securities regulations. In particular, issues around the consistency of judgments made by reporting issuers has been raised to critique the comparability of scenario analysis as a valuable disclosure for stakeholders. Management’s correspondence also identified challenges regarding the definition of the number of scenarios to be developed, the time-horizon applicable to each scenario, and the frequency of updating certain factors, including key drivers and scenarios themselves.

GHG Emissions

Emissions figures reported in the MD&A include direct GHG emissions from OPG operations (“scope 1”), and indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by OPG (“scope 2”). TCFD recommends emissions reporting covering scopes 1 and 2 and, if appropriate, Scope 3³.

At present, scope 2 emissions are captured and disclosed for a number of sources, while emissions from leased facilities (including the associated consumption of electricity at those facilities) are being analyzed for treatment. In addition, the identification and reporting of scope 3 emissions has been challenging for industry at large. In response, Management has commenced a project led by Supply Chain aimed at identifying scope 3 emissions from suppliers.

Climate Related Performance Targets

Although certain targets on current climate performance had been established within the company, these have not been disclosed publicly as yet. Performance metrics to manage longer-term climate-related risks and opportunities were yet to be defined.

³ Scope 3 emissions are GHGs that are generated across the value chain not included in scope 1 and 2. Scope 3 emissions can include transportation, distribution, purchased goods and services.

Potential Cause & Impact

Potential Causes:

- As the TCFD recommendations are voluntary and adoption within industry of the three remaining recommendations is not common but is expected to increase, these evolving areas may require greater judgment and diligence in their execution;
- As scenario analysis is dependent on a number of variables impacting different areas of the business, the business group responsible to develop scenario analysis for the purposes of meeting the TCFD recommendation had not been determined;
- There are various challenges common to industry more broadly on identification and quantification of scope 3 emissions to ensure confidence on the completeness and accuracy of such sources; and
- Climate related performance targets were yet to be defined, as the technologies and projects required to achieve net-zero are being identified.

Potential Impact:

- OPG may not fully meet its voluntary commitment to ultimately implement TCFD recommendations, which has been identified as a core element of OPG-STD-0172.

Recommendation

Acknowledging the initiatives underway by Management in monitoring regulatory developments and determining sources and data to quantify scope 3 emissions, IA recommends that Management:

- Define target completion timelines for the implementation of the remaining TCFD recommendations, to use as a basis for continued progress on these initiatives;
- Determine the responsible party within OPG for forming scenario analysis, and ensure the analysis is performed with appropriately documented assumptions, risks and uncertainties in forming the estimated impact, in a timeframe considered appropriate for the business; and
- Define climate-related performance targets that align with the company's climate targets and/or goals, as appropriate.

Management Action Plan

Besides the initiatives currently being worked as articulated above, Management will:

- Define target completion milestones for the implementation of the remaining TCFD recommendations;
- Determine the responsible party within OPG for forming scenario analysis; and
- Define climate-related performance targets that align with the company's climate targets and/or goals.

Action Owner: Carlton Mathias, Vice President, Law, ESG and Corporate Secretary

Target Completion Date: July 15, 2023

APPENDIX A – TCFD RECOMMENDATIONS AND RECOMMENDED DISCLOSURES

A summary of the recommendations and supporting recommended disclosures contained within the TCFD’s June 2017 report⁴ is provided below.

Recommendations	Supporting Recommended Disclosures
Governance Disclose the organization’s governance around climate-related risks and opportunities.	Describe the Board’s oversight of climate-related risks and opportunities.
	Describe management’s role in assessing and managing climate-related risks and opportunities.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.
	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.
	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk Management Disclose how the organization identified, assesses, and manages climate-related risks.	Describe the organization’s processes for identifying and assessing climate-related risks.
	Describe the organization’s processes for managing climate-related risks.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

⁴ Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017

APPENDIX B – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision-making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g., automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX C – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

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Internal Audit

Pickering Inventory Management

February 28, 2023

Report Rating: **Requires Improvement**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

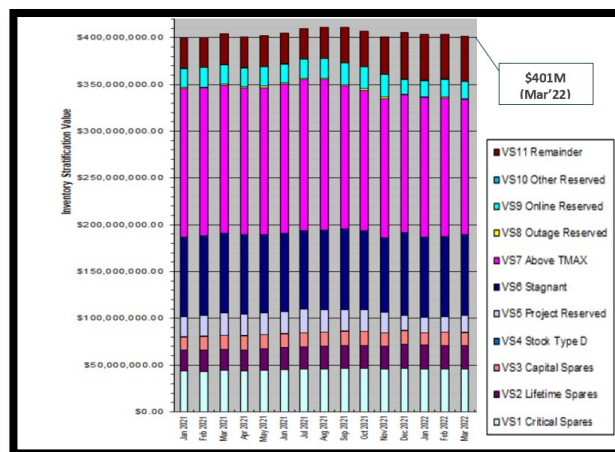
Report Rating: **Requires Improvement**

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Inadequate schedule, contingency planning, resources, and organizational change management led to delays in High Impact Team (HIT) initiatives.	Operational		X	
2	The authority to make decisions at various levels within the HIT initiative was not defined, and reporting to oversight bodies was not consistent.	Operational		X	
3	Project teams did not frequently use "Shop at OPG" to utilize PNGS stranded inventory.	Operational		X	
4	The OAR did not contemplate an approval authority process for sequenced enterprise-level write-off initiatives.	Operational		X	
Total		4	-	4	-

1.2 Background

Pending regulatory approval from the Canadian Nuclear Safety Commission, the Pickering Nuclear Generating Station ("PNGS") is anticipated to end commercial operations in 2026. While the Province of Ontario has recently directed OPG to conduct a study to assess the feasibility of redeveloping PNGS to enable operation beyond 2026, the overall planning for the station's End of Commercial Operations ("PECO") had started, which includes planning for the station's excess inventory.

In the past five years, on average, PNGS procured \$82.5 million worth of inventory per year while issuing \$71.3 million, resulting in inventory levels that exceed current and forecast demand plans to PECO. As of March 31, 2022, PNGS inventory amounted to \$401 million, with approximately 65% (\$260 million) of that inventory being either stagnant or above the target maximum ("TMAX") stock quantity. Refer to the figure below.



¹ Please refer to Appendix A for risk rating definitions

In Q1 2022, a High Impact Team ("HIT") was formed, with an overall objective of managing the materials demand and supply imbalance to reduce PNGS inventory ahead of PECO. The HIT included cross-functional members from Supply Chain, Engineering, Maintenance, Work Management, Fuel Handling, Nuclear Fleet Work Management and Finance.

PNGS Stranded Inventory Risk is an entry in the Business Risk Register with a high residual risk rating. As a result, management initiated several risk treatment activities to mitigate the risk, including a "Shop at OPG" initiative, where workers and vendors where applicable are encouraged to use existing inventory instead of purchasing new items.

This was a risk-based audit identified in Internal Audit's ("IA") 2022 Audit Plan, selected given the significant value of inventory at PNGS and the strategic importance of the activities underway in mitigating the inventory growth.

1.3 Objective & Scope

The objective of this audit was to assess whether: (1) the initiatives planned by Management will help PNGS reduce inventory; and (2) the initiatives and activities to mitigate the PNGS stranded inventory risk are progressing toward the stated goals.

To achieve the audit objective, IA reviewed the process and tested, on a sample basis, whether:

A. Governance
• A governance model was in place to oversee the HIT and track solution implementation; • Business processes and governance documentation were updated to proactively manage material request decisions to eliminate over-ordering; • An inventory review board was established with accountability to ensure ongoing focus on inventory management; and • Charters were developed for the chosen solutions and owners were engaged for the initiatives consistent with best practice.
B. HIT Initiative Progression
The HIT achieved its objectives including: • Plans were developed and actions taken to realize the benefits of solutions that have high impact and/or require low effort (e.g. "quick wins" and "gems"); • A surplus criteria/process was established for cross-functional reviews with signoffs to expedite decisions for reducing stagnant inventory; • Asset Suite ("AS9") was updated to autocancel material requests for rejected work orders, and was synced with Outage Management System ("OMS") to detect work orders rejected from OMS scope and remove outage from AS9 shutdown number; • All existing work orders to PNGS end-of-life were assessed to confirm remaining actual demand; • Inventory tied to old demand was freed up to drive up consumption, and open purchase orders for items above TMAX are cancelled/adjusted; and • A team was established to conduct a deep dive of all inventory and review re-order points and TMAX. Strategies are being identified to consume existing inventory and equivalency opportunities to avoid over-ordering.

C. Risk Management and Reporting
• Business Unit stranded inventory risk mitigating activities were progressing (e.g., “Shop at OPG”); • Risks to achieving the HIT initiatives were identified, routinely reviewed, and mitigating actions are taken; and • The progress of HIT initiatives was monitored, and results were reported to the sponsors and other relevant stakeholders as needed.
D. Fraud Considerations
• Intentional misstatement of the HIT initiatives’ achievements to report better results than actual benefits achieved.
E. Opportunities for Improvement
• There were potential opportunities for savings related to efficiency of processes and documentation (e.g. automation, duplication of activities, etc.).

Scope Period: The scope included activities from November 1, 2021 to October 31, 2022, and included precursor activities from prior periods.

1.4 Conclusion

Overall, the planned initiatives and actions to mitigate the PNGS stranded inventory risk require improvement. A summary of positive observations, key audit findings and opportunities for improvement are provided below.

Positive Observations

- The HIT had representation from multiple cross-functional teams, which increased creativity and innovation on the approach to address the stranded inventory issue due to the different skill sets, experience, and unique perspectives of the broad and diverse team, and
- Re-order points and TMAX reductions of approximately \$44.2 million were implemented, and more than 13,000 out of 19,000 work orders were placed on hold to avoid false demand signals and unnecessary procurement.

Key Findings & Recommendations

- The delays in HIT initiatives and \$7 million shortfall in PNGS year-end inventory balance were brought about by inadequate planning for resources, schedule, contingency and impacts of other organizational initiatives (e.g., AS9 upgrade, PNGS Vacuum Building Outage). Management should review, manage, monitor and document initiatives that will continue to improve PNGS’ inventory reduction efforts including the re-evaluation of timelines for the HIT initiatives and the assessment of resource requirements. The role of the third-party consultant should also be reassessed to help the HIT accomplish their objectives;
- The authority to review and approve changes, cancellations, and deemed completion of initiatives was not defined, although working level reviews had occurred including review by the Vice President, Supply Chain (HIT Sustaining Sponsor). Additionally, reporting to oversight bodies did not occur at the defined frequency and information reported was sometimes inconsistent between reports. Management should assess reasonableness of existing governance and update as necessary, including defining what initiatives are considered significant;

- Project teams were not using Pickering's stranded inventory (i.e., "Shop at OPG" was not pursued) to increase the consumption of existing equivalent inventory before purchasing materials from external vendors. Management should reassess "Shop at OPG" and include guiding principles, training and enhanced reporting that would lead to and support its use across the business; and
- The Organizational Authority Register ("OAR") did not provide guidance and approval authority requirements for sequenced enterprise-level write-off initiatives, which led to inventory written-off exceeding the amounts delegated to the approving authority. Management should amend the OAR to include guidance and approval expectations for specific strategic initiatives, including the development of approval plans.

The findings noted in this report have been reviewed with management, and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings, and the associated risk impact, audit recommendations and management action plans.

Opportunities for Improvement

- Instances were noted where some PNGS inventory written-off in 2022 was subsequently re-ordered, and other instances where some written-off items may have been used at the Darlington Nuclear GS ("DNGS"). While Management indicated this is a known risk and was discussed with the HIT Steering Committee, Management may consider developing a report to identify demand after items are written off but not shipped, so the surplus items can be held back. Management may also consider simplifying the process for inter-station transfers (e.g., by lowering the dollar threshold specified within governance for station transfers), so that more inventory can be redeployed to other stations; and
- The *Catalogue Information: Create, Maintain and Replenish* procedure (N-PROC-MM-0008) states that the Supply Chain Senior Manager is responsible to manually cancel open Material Requests ("MRs") for cancelled work order tasks (also known as the "CXCL/REQ" process). This activity had not been performed during the period, as the value of associated MRs was less than \$100,000 between November 2021 to October 2022. Management may consider assessing whether this review is valuable, and update N-PROC-MM-0008 to remove this expectation if it is not considered an important activity.

2.0 DETAILED AUDIT FINDINGS

IA identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix A.

1. Inadequate schedule, contingency planning, resources, and organizational change management led to delays in HIT initiatives.	Moderate
The 2022 year-end gross inventory target (i.e., exclusive of provisions) for PNGS was \$333 million, representing a year-over-year inventory reduction of \$55 million. The HIT team had planned to achieve the reduction through a combination of write-offs (\$45 million) and increased inventory usage (\$75 million), and fewer purchases (\$65 million), resulting in a net consumption of \$10 million. Additionally, the HIT had planned to complete 17 initiatives by the end of August 2022 to assist in meeting the inventory target. As of year-end 2022, PNGS year-end inventory was \$340 million, missing the target inventory by \$7 million due to materials purchases being higher than planned (\$2 million) and inventory usage being lower than planned (\$5 million). A third-party consultant was engaged to design and establish program governance, manage the HIT program dependencies and capacity requirements, support program plan completion to mitigate key risks/dependencies and right-size the resourcing model, drive project milestones completion, and provide daily oversight of the program. The following observations were noted: • While the third-party consultant was engaged with a key scope on program management and governance according to the engagement Statement of Work, inquiries of Management indicated that the HIT ultimately elected to manage the scope as an initiative, with a group of tasks and due dates; • Timelines for the initiatives were set, without due consideration given to capacity constraints on assigned resources, given they were expected to continue to perform their day-to-day tasks; • Impacts brought about by the Vacuum Building Outage (“VBO”) and AS9 upgrade projects were not identified and sufficiently mitigated timely, as the impact of VBO was only identified in the risk register in September 2022, when the VBO was about to start on October 6th; • Although a high-level Gantt chart listed the planned and start dates for all initiatives at the planning phase, it was not supported by a schedule identifying milestones, key tasks, effort required, duration, and resource assignment; and • The HIT activities were also impacted by a lack of dedicated and/or available resources. For example, at the time of the audit, Initiative Owners were yet to be identified for two of the initiatives expected to be completed by year-end 2022. <u>Status of Initiatives</u> Of the 17 initiatives scheduled to be completed by August 2022, 10 remained open at year-end 2022 mainly due to resource challenges, as staff were addressing issues around the AS9 upgrade project and supporting the VBO.	

The contributions from the delayed initiatives may have helped the HIT achieve the year-end inventory target as follows:

- Initiatives to reduce materials purchases such as auto-cancelling material requests tied to stale work orders and aligning outage management system coding with AS9 would have eliminated false demand signals, leading to purchasing more items than used; and
- Initiatives to increase inventory usage such as including inventory metrics into the station “top 50” metrics package and updating governance may have driven the appropriate behaviors, demonstrating active monitoring of inventory metrics as being impactful to the station’s performance.

Initiative Targets/Performance Indicators & Reporting

It was noted that many of the initiatives did not have measurable targets or performance indicators. The reporting of initiative progress was also not always accurate or up to date. Specifically, 3 of the 17 initiatives were past the revised due dates but were still being reported as on track.

Potential Cause & Impact

Potential Causes:

- Unlike for projects, there is no central OPG governance to provide guidance for best practices in managing initiatives;
- In the absence of central governance, the HIT could have benefited from scaled project management methodologies and techniques (e.g., identification of resource constraints and interdependencies);
- The third-party consultant may have lacked the requisite authority to enforce program discipline;
- Progress on initiatives was manually tracked in Excel, thus being more susceptible to human error; and
- Employee behaviour can be difficult to change, where more materials are ordered than necessary “just-in-case” they are needed for timely project completion.

Potential Impact:

- Inventory reduction targets for future years could be missed if delayed initiatives continue, resulting in potential excess costs either through additional write-offs or unneeded purchases.

Recommendation

While also considering that the feasibility of Pickering Refurbishment is occurring throughout 2023, Management should review, manage, monitor and document initiatives that will continue to improve PNGS’ inventory reduction efforts, as follows:

- Re-evaluate the timelines of the HIT initiatives and assess resource requirements for the short term to ensure that the HIT initiatives can get back on track;
- Assess the adoption of project management practices and scheduling applications (e.g. MS Projects) to manage the HIT initiatives; and
- Reassess the role of the third-party consultant to enable the HIT to accomplish their objectives.

Management Action Plans

Management will:

1. Re-evaluate the timelines of the inventory initiatives and assess resource requirements for the short term to ensure that the initiatives can get back on track.

Action Owners: Jennifer Lafferty, Purchasing (for Supply Chain-owned initiatives); Nahil Rahman, Director, Work Management (for Station-owned initiatives)

Target Completion Date: March 30, 2023

2. Assess the adoption of project management practices and scheduling applications (e.g., MS Projects) to manage the inventory initiatives.

Action Owner: Nahil Rahman, Director, Work Management

Target Completion Date: March 30, 2023

3. Reassess the role of the third-party consultant to enable the HIT to accomplish their objectives.

Action Owner: Nahil Rahman, Director, Work Management

Target Completion Date: March 30, 2023

2. The authority to make decisions at various levels within the HIT initiative was not defined, and reporting to oversight bodies was not consistent.

Moderate

A 'Program Governance Framework' was developed and presented by the third-party consultant engaged by OPG, which provided proposed HIT governance principles, including review and approval of significant initiative changes and program decisions and initiative deliverables by the Executive Sponsors and Sustaining Sponsors, respectively. It also defined the metrics to be reported and the frequency of reporting to the Inventory Review Board ("IRB"), Steering Committee ("SteerCo"), and ELT. The IRB is responsible for program management and support while the SteerCo, and the ELT are responsible for providing program guidance. The proposed framework was not finalized and established.

Changes and closures to initiatives were found to not be consistently reviewed with the Executive and Sustaining Sponsors, and reporting to the IRB, SteerCo, and ELT did not consistently occur at the suggested frequency, as outlined below:

- **Not all initiative tasks were actioned before initiatives were closed without the review and approval by Executive or Sustaining Sponsors.** For the identified initiatives, while they were actively managed by HIT Initiative Owners prior to closure, the following was noted:
 - *Reduce / Eliminate \$13 million demand over TMAX:* The team reviewed \$9 million of the \$13 million worth of demand over TMAX, cancelled \$0.6 million of demand, and concluded the initiative completed as they indicated the effort to review the remaining \$4 million to be not cost effective. The remaining task to develop a report for ongoing monitoring of demand over TMAX was also not completed;
 - *Improve Supply Chain engagement at key review boards:* HIT was to capture data, from HIT inception to PECO, on realized inventory cost avoidance. However, this initiative was reported as completed, although there had been no realized financial benefit reported in the Supply Chain value improvement tool; and
 - *Review Material Requests ("MR") with need date pre-2022:* Two tasks within the initiatives were closed, although partial results were achieved. For example, in the review of \$27 million of project MRs with need date pre-2022, management cancelled \$7 million (25%) of the \$27 million of MRs, with the balance (\$20 million) left open, although they continued to have a need date pre-2022.

Inquiries of Management indicated that the oversight provided at the Band E (i.e. Sustaining Sponsor) level was considered sufficient for initiative changes and closures that were made. The proposed framework noted that the Executive Sponsors had this decision-making authority, consistent with their accountability to "review and approve program decisions", however, it was too broad in that it did not identify the type of decisions requiring oversight by the Executive Sponsor vs. Sustaining Sponsor. In addition, evidence of approval by the Sustaining Sponsor to close the initiative without actioning all the associated tasks was not available.

- **Changes to initiatives were not reviewed and approved by Executive Sponsors, despite the proposed framework indicated that "significant initiative changes" would require their review.** Specifically, initiatives were added (i.e., D14 – Accelerate demand and seek opportunities to install high-cost inventory), timelines were revised (i.e., to initiative I01), and initiatives were further bifurcated (i.e., PG1 – Define Standard Surplusing Criteria for 2022) without any review or approval. Discussions with management indicated that approval was not sought as they did not consider them to be significant changes.

- **Materials Requested Not Issued (MRNI) is a key metric that tracks all inventory that is requested but never issued to the requesting organizations, which is a key reason for inventory growth.** IA noted that it was not reported to the IRB as required by the Governance Framework.

Potential Cause & Impact

Potential Causes:

- Management did not recognize the need to finalize and establish a final governance framework as it was not deemed necessary to provide formal rules and practices by which the HIT ensures accountability and transparency in how the overall initiative is run;
- The HIT was not intended to be managed as a program or project and thus did not provide guidance on change management as it related to the initiatives, including the definition of significant changes;
- There is no existing governance providing guidance for initiatives in instances where initiative owners opt not to follow the PMO governance;
- The IRB, SteerCo, and ELT meetings may not have been held at the prescribed frequency due to competing priorities, including the VBO; and
- The MRNI metric was already tracked on an enterprise-wide basis, thus the HIT team viewed it as redundant to report as part of the HIT Initiative for PNGS specifically, even though this is an important metric at the PNGS level given the significant risk of stranded inventory.

Potential Impacts:

- Lack of application of best practices in good governance may impede inventory management from achieving its objectives;
- Modifying or closing initiatives without appropriate review and approval may result in the initiatives not achieving the intended benefits especially in cases where the expected benefits and objectives are not defined before the commencement of the initiative, and Senior Leadership (e.g. Senior Work Management Team) may not have the opportunity to engage in the decision-making process and provide oversight and support to delivery teams as necessary; and
- Although informal discussions were held with ELT, SteerCo, and IRB members outside of the formal governance meetings, they may not be made fully aware of the progress and challenges encountered by the HIT to enable timely oversight and direct corrective actions as necessary, as those meetings were not held at the prescribed frequency and presentations included inconsistent information.

Recommendation

Management should:

- Assess reasonableness of the proposed HIT Program Governance Framework and update and formalize accordingly, i.e., review and approval expectations around initiative changes, cancellation, and completion, frequency of reporting to oversight bodies, and reporting of relevant metrics; and
- Define what initiative changes are considered significant and the type of decisions that requires the SteerCo's review and potential challenge.

Management Action Plan

Management will:

1. Assess reasonableness of the HIT Program Governance Framework and update and formalize accordingly, i.e., review and approval expectations around initiative changes, cancellation, and completion, frequency of reporting to oversight bodies, and reporting of relevant metrics.

Action Owner: Nahil Rahman, Director, Work Management

Target Completion Date: March 30, 2023

2. Define what initiative changes are considered significant and the type of decisions that requires the SteerCo's review and potential challenge.

Action Owner: Nahil Rahman, Director, Work Management

Target Completion Date: March 30, 2023

3. Project teams did not frequently use “Shop at OPG” to utilize PNGS stranded inventory.

Moderate

Pickering Stranded Inventory is an entry in the business unit risk register with a high-rated residual risk and includes risk treatment activities such as internal utilization of existing inventory, also known as “Shop at OPG”. The initiative seeks to replicate the benefits realized in 2019, where it was claimed that the Darlington Refurbishment Project avoided \$10 million in external purchases by leveraging PNGS’ stagnant inventory.

On review of the risk treatment activities, it was noted that other Generating Stations (“GSs”) were not implementing the “Shop at OPG” initiative. As part of the “Shop at OPG” process, project personnel are to send material requests to the “Shop at OPG” team within Supply Chain to assess whether existing or equivalent inventory is in stock before a project procures from external sources. It was noted that no requests were sent to the “Shop at OPG” team between the period November 2021 to October 2022 to assess whether the existing inventory was available to support projects.

The HIT had planned to reinvigorate the “Shop at OPG” program through new initiatives to increase the consumption of existing equivalent inventory before procurement (P10 and I05 initiatives). However, discussions with Management indicated that the timeline to kick off those initiatives was delayed to 2023 as they wanted to advance other HIT initiatives that was expected to produce greater benefit.

Potential Cause & Impact

Potential Causes:

- Governance requirements did not exist mandating project teams to utilize “Shop at OPG”;
- There may be significantly greater effort required to identify and confirm the availability of required CAT IDs (or appropriate equivalents) when compared with placing orders with external vendors;
- Shop at OPG was not managed under the HIT program;
- Lack of Supply Chain resources to promote “Shop at OPG” and help project teams identify equivalent items similar to CAT-IDs the projects required; and
- There was a lack of incentive for project teams to use “Shop at OPG” as it will consume time from the project schedule, and project teams would still be expected to pay “Shop at OPG” for the inventory items utilized.

Potential Impact:

- Existing inventory on hand may not be utilized, potentially resulting in higher costs to the organization.

Recommendations

Management should:

- Reassess whether “Shop at OPG” remains an initiative that would yield tangible benefits in managing the PNGS stranded inventory risk, particularly in light of the potential for PNGS redevelopment;
- If “Shop at OPG” continues to be considered an initiative to be pursued, provide guiding principles leading to greater use in certain scenarios (e.g., when an item is in inventory, or when there are similar items in inventory that may be used with minimal design modification without adverse impacts to work programs);
- Complete the “CAT-ID Equivalency” initiative (i.e., I05 and PG10) to develop process, expectations, and barriers to ensure that when parts are ordered, existing inventory is being explored first; and
- Provide communications across the enterprise to create awareness, supplemented with enhanced reporting that is communicated across the business to demonstrate awareness of how much “Shop at OPG” is being used.

Management Action Plan

Management will:

1. Reassess whether “Shop at OPG” remains an initiative that would yield tangible benefits in managing the PNGS stranded inventory risk, particularly in light of the potential for PNGS redevelopment.

Action Owner: Jennifer Lafferty, Director, Purchasing
Target Completion Date: June 15, 2023

2. Provide guiding principles leading to greater use in certain scenarios (e.g., when an item is in inventory, or when there are similar items in inventory that may be used with minimal design modification without adverse impacts to work programs). This is contingent on the decision to continue “Shop at OPG” as an initiative to be pursued.

Action Owner: Jennifer Lafferty, Director, Purchasing
Target Completion Date: June 15, 2023

3. Complete the “CAT-ID Equivalency” initiative (i.e. I05 and PG10) to develop process, expectations, and barriers to ensure that when parts are ordered, existing inventory is being explored first.

Action Owner: Zahin Rahman, Manager, Engineering
Target Completion Date: June 15, 2023

4. Provide communications across the enterprise to create awareness, supplemented with enhanced reporting that is communicated across the business to demonstrate awareness of how much “Shop at OPG” is being used.

Action Owner: Jennifer Lafferty, Director, Purchasing
Target Completion Date: June 30, 2023

4. The OAR did not contemplate an approval authority process for sequenced enterprise-level write-off initiatives.

Moderate

The *Organizational Authority Register* (“OAR”) Standard (OPG-STD-0017) states that position holders should comply with authority limits and exercise delegated authority up to the specified dollar limit. Section 1.1.2 of the standard also states that OAR approval of transactions should be based on the total financial commitment and tied to proper work bundling.

While the inventory write-offs were a part of the HIT’s mandate, the OAR approval of the PNGS inventory surplus declaration had not been based on the total financial commitment. As a separately identified initiative with a communicated target within the business plan, write-offs associated with the PNGS inventory surplus should be viewed in aggregate to ensure appropriate oversight of the write-offs is considered for the initiatives in total. The following was noted on the process to write off PNGS inventory in 2022:

- a) The OAR did not contemplate the approval process for one-time enterprise-level write-offs, such as the planned write-offs of PNGS stranded inventory. As write-offs were performed on a number of different dates as the HIT progressed its activities, a strict interpretation of the OAR would have led the HIT to have had to seek approval multiple times from OPG’s Board of Directors;
- b) While the planned write-off for 2022 was \$45 million, two memoranda defining the inventory surplus criteria were used as OAR approvals to write off inventory valued at \$62.9 million, including the bringing forward of write-off activities previously planned for 2023. The memos were approved by individuals with delegated authority limits of \$1 million according to OAR element 1.7.
- c) An approver with OAR authority of \$1 million per transaction signed multiple surplus declaration forms, each less than \$1 million, on the same day. Due to the numerous forms approved, the total daily financial commitment from the surplus declarations ranged from \$1.9 million to \$13.2 million. The table below summarizes the details;

Declaration Form Date	Authority Limit	# of Forms Signed	Value of Surplus
January 3, 2022	\$1 million	18	\$9.2 million
February 9, 2022		9	\$5.6 million
March 17, 2022		19	\$11.0 million
April 19, 2022		3	\$1.9 million
October 19, 2022		19	\$13.2 million
November 4, 2022		17	\$13.0 million

- d) An OAR approver or a finance controller did not sign three surplus declaration forms totaling \$2.0 million. Instead, the forms referenced the memorandum mentioned in point (b) above as the signoff and approval of declaring the inventory surplus.

Potential Cause & Impact

Potential Causes:

- The write-offs were part of an approved initiative in the business plan, and were considered routine business transactions; and
- Supply Chain practices do not consider situations where there are multiple surplus transactions to be processed daily, resulting in an OAR violation (section 1.1.2) when the value of the daily transactions is aggregated.

Potential Impacts:

- The existing OAR approval requirements would have necessitated the HIT to bring forward routine surplus declarations to the ELT and Board of Directors for approval, inefficiently tying up resources' time; and
- Without clarity on the approval authority process for sequenced enterprise-level write-off initiatives, Management may be unable to demonstrate that due diligence at the appropriate level, commensurate to the amount and nature of the write-offs, was applied.

Recommendation

Management should:

- Amend the OAR to include guidance and approval expectations on specific strategic initiatives that would otherwise require Board approval (e.g., similar to the PNGS stagnant inventory write-off); and
- Develop a plan to ensure that future writeoffs being conducted as part of the HIT initiative are in accordance with the amended OAR and appropriate approvals are obtained.

Management Action Plan

Management will:

1. Amend the OAR to include guidance and approval expectations on specific strategic initiatives that would otherwise require Board approval, while still maintaining the control principles embedded within the OAR.

Action Owner: Bryan Shaddock, Director, Accounting

Target Completion Date: September 30, 2023

2. Develop a plan to ensure that future writeoffs being conducted as part of inventory management are in accordance with the amended OAR and appropriate approvals are obtained.

Action Owner: Michael Stoter, Senior Manager, Supply Chain

Target Completion Date: March 31, 2023

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

Mel Hogg

Chief Administrative & Ethics Officer

Steve Gregoris

Chief Nuclear Officer

Karen Fritz

Chief Supply Officer

Jon Franke

Senior Vice President, Pickering

Paul Ross

Vice President, Supply Chain

cc: Ken Hartwick	President & Chief Executive Officer
Nicolle Butcher	Chief Operations Officer
Aida Cipolla	Chief Financial Officer & Senior Vice President, Finance
Alec Cheng	Vice President, Chief Controller & Accounting Officer
Maha Tam	Vice President, Controllershship
Emily Tarle	Deputy Site Vice President, Pickering
Adam Chiarandini	Director, Enterprise Risk Management
Mohamed El Defrawy	Director, Controllershship Nuclear
Jennifer Lafferty	Director, Purchasing
Nahil Rahman	Director, Work Management
Emile Ramnarine	Director, Nuclear Oversight
Bryan Shaddock	Director, Accounting
Judy Tan	Director, Internal Audit
Joseph Ng	Senior Manager, Internal Audit
Michael Stoter	Senior Manager, Supply Chain
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Internal Audit

22-11 Market Renewal – Change Implementation

July 18, 2022

Report Rating: **Not Effective**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: **Not Effective**

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	An integrated resource loaded schedule was not in place to identify interdependencies, critical path, and schedule baselines;	Operational	X		
2	Key project activities including market renewal impact assessment and requirements gathering were not completed timely per the milestones defined in the Business Case Summary ("BCS") and Steering Committee ("SC") presentations;	Operational	X		
3	Project performance measures were not defined, progress against milestones was not reported, and not all SC members were included in SC meetings; and	Operational		X	
4	A Project Management Plan ("PMP"), including the gating strategy and risk management plan, was not developed.	Operational		X	
Total		4	2	2	–

1.2 Background

In 2016, the Independent Electricity System Operator ("IESO") initiated its Market Renewal Program (the "IESO MRP") to improve the current market design and how electricity is supplied, scheduled and priced in the Ontario market. At the time of the audit, the IESO MRP go-live date was scheduled for Q4 2023, with sandbox testing beginning in Q4 2022. The IESO MRP's key initiatives will lead to a fundamental redesign of Ontario's electricity market and include:

1. A single schedule market with location-specific energy market pricing;
2. A financially binding day ahead market to procure the majority of Ontario's electricity needs a day in advance; and
3. An enhanced real-time unit commitment engine for commitment decision making in the pre-dispatch timeframe.

Market Renewal will introduce changes in how participants operate in the market, and will require substantial updates and changes to processes and systems to ensure OPG is commercially ready to participate. The Market Affairs & Development team completed an impact analysis of the IESO MRP's high level design, and established cross-functional teams to address initiatives in the following areas:

- Understand market design impact and advocate for OPG in IESO stakeholder engagement activities;
- Gather requirements and upgrade / redevelop technical systems and tools;
- Ensure commercial readiness including changes to existing business processes, market / operational strategy, and training; and
- Implement high-level strategic improvements not required for market renewal.

¹ Please refer to Appendix A for risk rating definitions

22-11 Market Renewal – Change Implementation

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This was a risk-based audit identified in Internal Audit's ("IA") 2022 Audit Plan, and was selected given the impact of Market Renewal to OPG's ability to participate in the market, market offer strategy, business processes, and technical systems and tools.

1.3 Objective & Scope

The objective of this audit was to assess the design and operating effectiveness of controls and processes to support the change management and implementation of the Market Renewal Program (the "MRP").

To achieve the audit objective, we reviewed the process and tested, on a sample basis, whether:

A. Planning and Change Management
• An overall strategy and structure was established, approved and communicated to key stakeholders to provide a framework for implementation of the MRP, including the Chief Information Office ("CIO") supported initiatives; • Project management activities were appropriate for the scale and complexity of the project; • Initiatives were clearly defined and communicated to stakeholders, including mandate, scope, key deliverables, and roles and responsibilities; • Project and initiative schedules were established and aligned, including identification of key milestones, interdependencies and accountabilities; • The schedule was aligned to meet the IESO timelines for sandbox testing and the go-live date; • Resource estimates and requirements were well defined and reflected in the current schedule to ensure teams were adequately structured; and • Appropriate stakeholders and subject matter experts were engaged in a timely manner.
B. Program Execution
• Known market renewal impacts to OPG business and processes were identified, assessed and communicated to stakeholders; • Market participant provided inputs for the IESO's MRP (i.e. reference level submissions) were accurate and supported, reviewed, submitted on time, and approved by the IESO; • OPG was actively involved in providing stakeholder input into the market rule and market manual amendments; • System and tool updates were prioritized based on the established Minimum Viable Product criteria; and • Business requirements for systems and tools requiring update were defined or being defined.
C. Monitoring and Reporting
• The Steering Committees comprised an appropriate representation of senior leaders across stakeholder groups; • The Program Execution Team provided accurate and timely program updates to the Steering Committees to facilitate oversight and monitoring, including all costs for the Market Renewal initiatives; • Commercial readiness metrics were defined, tracked and accurately reported to measure OPG's preparedness for the renewed market; • Performance against the baseline schedule was tracked and monitored to identify and report delays and bottlenecks; • Actual project costs were measured against the approved budget to identify and report over/under spending; and • Project risks were identified and assessed, and mitigation plans were developed and implemented.

D. Opportunities for Improvement

- There are potential opportunities for improvement related to efficiency of processes and documentation.

Scope Period: The scope included activities from January 1, 2021 to April 30, 2022, and included precursor activities from prior periods as relevant.

Scope Exclusion: The audit scope specifically excluded Market Renewal activities of Atura Power (“Atura”), as these are managed separately by Atura management.

1.4 Conclusion

Overall, IA noted that the controls and processes are currently not effective to support the change management and implementation required to meet the changes presented by the IESO MRP. While recognizing some dependencies and impact on OPG’s MRP project as a result of IESO delays, changes and strategic considerations related to the negotiation of MRP features, a summary of positive observations, key audit findings and recommendations, and opportunities for improvement is provided below.

Positive Observations

- The Market Affairs & Development team has actively participated in the IESO stakeholder engagement process, providing feedback on the design and implementation of the MRP, and advocating for design level changes that would maintain OPG’s operational flexibility; and
- The Energy Markets and CIO organizations have established a program to work collaboratively to update applications identified as “hybrid tools” to meet Market Renewal requirements, while aligning with CIO standards such as cyber security and software architecture requirements. This program will include shared responsibilities between Energy Markets and CIO for system development and continuous application support. An agile project management approach will be applied to support this initiative and ensure continuous integration.

Findings & Recommendations

- An integrated resource loaded schedule was not in place to identify interdependencies, critical path, and schedule baselines. This impacted the ability to prioritize and resource activities, engage resources, identify the impacts of delays or shifting priorities, and communicate the overall project progress. As of the date of this report, Management was in the process of developing an overall schedule, and should continue to complete this deliverable to facilitate overall project management. Resources required to support the MRP completion should be identified and their availability confirmed;
- Project activities were not tracking on schedule or completed in a timely manner. IA noted delays in completing the detailed design impact analysis, Business Requirement Documents (“BRDs”), and initial reference level submissions. Management should complete the outstanding key activities;
- Project reporting did not include performance measures or progress against milestones, and limited metrics were included in Steering Committee updates. The Program Execution Team was still in the process of developing key milestones, budget and schedule metrics, and commercial readiness metrics required per the MRP Umbrella Charter. Management should define the relevant metrics and begin reporting them to enable trending analysis; and

- For the Umbrella MRP, Market Affairs & Development management was not always following the Enterprise Project Management Office's ("EPMO's") Project Management governance, as documentation such as the PMP and some associated key project controls, including the gating framework and risk management plan, were not in place. Management should review the EPMO Scalable Project Delivery Model, and implement the appropriate level of project management activities.

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impacts, audit recommendations and management action plans.

Opportunity for Improvement

While Market Affairs & Development management has participated in the IESO stakeholder engagement process for proposed market rules and manuals, inputs to this process were not consistently provided by the IESO established due dates. Of the five submissions tested, IA identified two instances of late submissions, and in response, the IESO requested OPG to provide timely advance notice in the future if extensions were required. Market participants are not required to submit comments but it presents an opportunity to provide input on proposed changes prior to market rules and manuals being imposed on market participants. While the IESO has accepted all of OPG's submissions to date, they are not obligated to consider them when received past the communicated deadlines. Management should ensure OPG's internal review timelines align with the IESO's due dates for future submissions, or request extensions in a timely manner.

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix A.

1. An integrated resource loaded schedule was not in place to identify interdependencies, critical path, and schedule baselines.	High
A project schedule is a main planning tool in project management used to understand and communicate the status and interrelationships / dependencies among project activities and deliverables. The schedule is critical to properly strategize, plan / prepare for project work, address resource requirements, and develop corrective actions as required. IA observed that the Umbrella MRP did not have a consolidated schedule that captured key initiative milestones and interdependencies, and resource requirements for each of the components within the MRP, although one was being developed during the audit in May 2022. While each initiative may have had its own timeline and discrete deliverables, those initiative-level plans were independent of other project activities, creating challenges in project management including the following areas: a) Prioritizing activities and identifying the effects of delays on interdependent activities An aggregate control schedule covering the full project scope and lifecycle remains under development at the time of this report. This led to interdependencies between the various MRP activities not being identified, and the project's critical path was not determined, as required by the <i>Project Schedule Management Manual</i> (OPG-MAN-00120-0014, sections 2.21 and 2.28). As a result, the impact of delays or shifting priorities could not be readily assessed (e.g. the reassignment of resources previously engaged to work on one deliverable to complete a different deliverable that was behind schedule). Given the initiatives are being executed concurrently, and there are competing activities, both within the project and for daily operations requiring the same resources, it is important to ensure a robust schedule is established to identify interdependences so that activities can be prioritized on prerequisite tasks, to avoid impact to downstream deliverables. b) Ensuring activities are properly resourced and time commitment requirements are transparent Resourcing was identified as a key risk early in this project due to limited Subject Matter Expert ("SME") availability and the potential for attrition. An overall resource loaded schedule defining the resource estimates and requirements had not yet been established for the Umbrella MRP, although one was in place for the IT deliverables (including CIO supported, line of business ("LOB") supported and hybrid (i.e. CIO and LOB supported) tools), which comprised approximately 80% of the MRP budget. In place of a resource loaded schedule, Energy Markets management held regular meetings to discuss and manage project resourcing, taking the form of verbal discussions on overall MRP progress and expected resource requirements for the program as a whole. Many resources supporting the MRP have base roles (i.e. continue to have accountabilities outside of the MRP), and the lack of a resource loaded schedule may have contributed to bottlenecks in progressing initiatives such as reference level submissions and BRD reviews and approvals for technical systems and tools.	

c) Assessing overall project status against baseline

A baseline schedule to facilitate performance reporting had not yet been established, as required by the *Project Schedule Management Manual* (sections 2.2.16 and 2.2.17). As a result, the existing project status reporting only provided a timeline for activities, making it difficult to determine progress against the original plan.

Potential Cause & Impact

Potential Causes:

- The Umbrella MRP is classified as a level C project based on project cost and initial assumptions on complexity, and therefore a resource loaded schedule was only recommended rather than required, per the *Project Schedule Management Manual*; and
- The importance of a consolidated project schedule may not have been recognized in the project planning phase, and a Cost & Schedule Analyst was not assigned to assist with the creation of a resource loaded schedule identifying interdependencies and the project critical path.

Potential Impact:

- A lack of detailed planning to identify critical path activities and interdependencies of key Umbrella MRP deliverables may:
 - Affect the ability to properly strategize, plan / prepare for project work, and address resource requirements, which results in a reactive approach to project management; and
 - Impact the timely completion of the project by the IESO's planned go-live date of Q4 2023;
- The project team may be unable to properly determine and communicate project status and schedule efficiency; and
- Business resources may not be allocated the appropriate amount of time to participate.

Recommendation

Management should establish an overall project schedule that captures key milestones / interim deliverables, interdependencies, critical path, and resource requirements for the Umbrella MRP. The schedule would serve as a baseline, and progress against that baseline should be monitored to identify and report delays. The schedule should be used as a basis for managing stakeholder expectations, and communicated for awareness of the extent and timing of resource requirements.

Management Action Plan

Management will:

- Finalize and share with key stakeholders a combined schedule that includes key deliverables, milestones, interdependencies, overall critical path, and resource requirements for the Umbrella MRP; and
- Develop the project baseline and key milestones, and begin reporting on progress against them to the MR Integration SC.

Action Owner: Lynn Wizniak, Senior Manager Market Affairs

Target Completion Date: January 15, 2023

2. Key project activities including market renewal impact assessment and requirements gathering were not completed timely per the milestones defined in the Business Case Summary (“BCS”) and Steering Committee (“SC”) presentations.

High

The milestones for completing key MRP deliverables, including detailed design impact analysis, business requirements gathering, tools and systems design, and market power mitigation reference level negotiations were communicated in various documents from the MRP team. This included a high level project roadmap issued in March 2021, the definition phase BCS for the Umbrella MRP prepared in October 2021, and Steering Committee meeting presentations in February 2022.

During audit testing in May 2022, IA observed that various milestones defined in the above documents had not been met. The table below identifies some of the milestones established and the status as of May 2022:

Milestone	Target Completion Date (“TCD”)		Status (May 2022)
	Roadmap (March 2021)	BCS (October 2021) / SC Presentation (February 2022)	
a) Detailed design impact analysis	April 2021	November 2021 ^a	In progress during audit testing in May 2022. Report subsequently issued in June 2022.
b) Business requirements gathering	August 2021	March 2022 ^b	In progress - 13 of 18 BRDs completed, one subsequently completed in June 2022. TCD revised to August 2022.
c) Tools and systems design	March 2022	June 2022 ^b	In progress - 2 of 15 SRDs completed. TCD revised to November 2022 for CIO and hybrid tools.
d) Reference level negotiations	July 2022	December 2022 ^a	In progress - 11 of 37 submitted; overall TCD revised to May 2023.

^a Reported in the definition phase BCS for the Umbrella MRP prepared in October 2021.

^b Reported in the February 2022 MR Integration SC meeting, includes CIO stream systems and tools.

The list below provides further information on the status of the milestones identified above:

a) Detailed design impact analysis

The IESO issued its MRP Detailed Level Design Report in January 2021. The project team had planned to analyze the IESO report and prepare a detailed impact assessment to provide OPG stakeholders (e.g. the Business Planning, Generation Revenue Planning, and Regulatory Affairs teams) details on the areas of risk and focus.

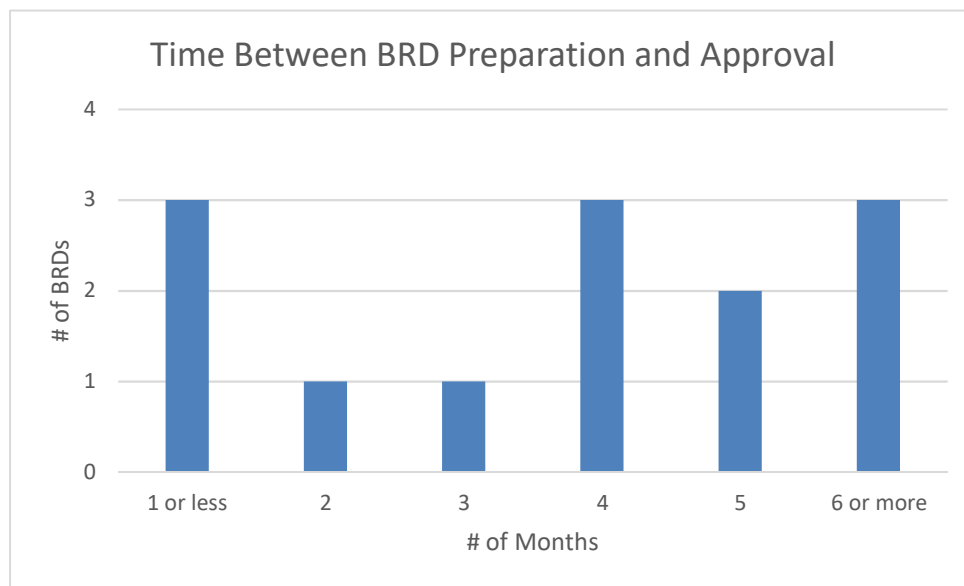
Although the BCS identified the detailed design impact analysis target completion date of November 2021, the document was being finalized during audit testing in May 2022. Management subsequently issued the document in June 2022.

b) BRDs for systems and tools

The target completion date for the 18 BRDs required for the MRP was March 2022, according to the BCS. As of the date of this report, four of the 18 BRDs remain outstanding, which Management has rescheduled for higher priority deliverables. One of those BRDs (the Running Cost Calculator, used to support Lennox and Atikokan offers/bids), was prepared over five months ago, but was awaiting review and approval.

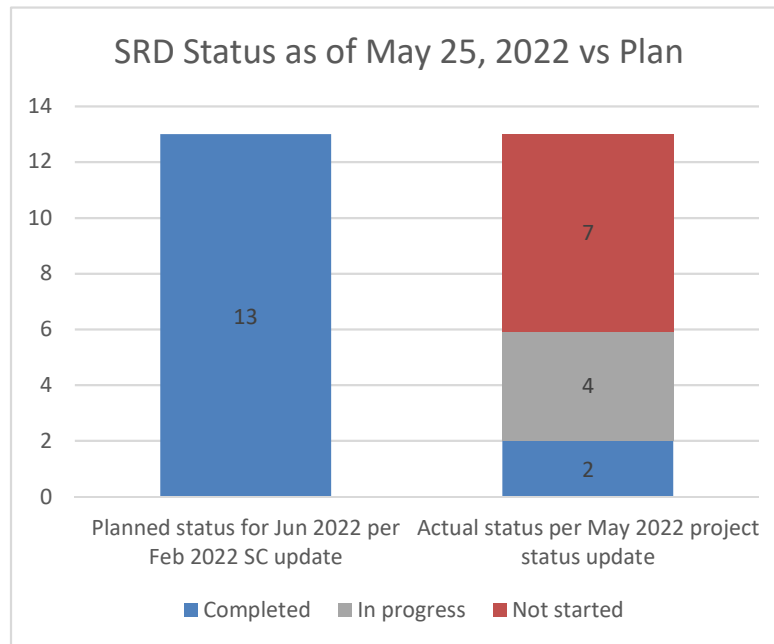
Tool	Revised Completion Date to Prepare BRD	Revised TCD to Approve BRD
Lepton Strategic	6/14/2022	7/22/2022
Lepton Non-Quick Start	5/24/2022	7/27/2022
RIV24 (MR)	(TCD) 7/25/2022	8/31/2022
Running Cost Calculator	12/7/2021	7/15/2022

For the BRDs that had been completed, IA noted significant delays between the time that BRD drafts were available for review and final approval, which subsequently led to a negative impact on the System Requirements Documents (“SRD”) development. The chart below illustrates that most BRDs took 4-6 months for approval (versus the original estimate for BRD review sessions of approximately 2-3 weeks), mainly due to competing MRP priorities:



c) SRDs for systems and tools

The SRDs and associated system design activities for 13 of the 15 major tools were to be completed by June 2022 per the February 2022 presentation to the MR Integration SC. As of May 2022, only two SRDs had been completed and four were in progress, with seven not yet started. As a result, system design activities had yet to begin for the tools with incomplete SRDs. The chart below illustrates the status of SRDs as compared to plan:



d) Reference level negotiations for hydroelectric and thermal facilities

The IESO requires reference levels to be established for each dispatchable resource prior to Market Renewal go-live. Market participants must provide the financial reference levels (e.g. energy offers), opportunity costs, non-financial reference levels (e.g. energy ramp rates) and reference quantities (e.g. minimum head-based capability), or accept / register a default value. In 2021, OPG established the timeline for hydroelectric facilities, with the reference level submissions for Nuclear and Solar facilities being submitted and approved by the IESO in 2022.

Based on this initial timeline, 24 reference level workbooks were to have been submitted by May 2022, and the remaining 13 to be completed by the end of 2022 consistent with the BCS milestone. During audit testing, IA noted that 11 of the 24 reference level documents due by May 2022 have been submitted to the IESO, with three of the 11 documents approved by the IESO, and another one partially approved. OPG has since made two requests to the IESO to amend the timeline for the remaining 26 submissions, including the partially approved submission, with the latest from the end of 2022 to May 2023, and the IESO has agreed to the extensions.

The MRP team had also requested submission date extensions for individual facilities or groups of facilities (e.g. batched submissions). IA noted that in two instances the request was made after the submission deadline had passed.

Potential Cause & Impact

Potential Causes:

- Resourcing challenges, including:
 - SMEs were involved in multiple MRP initiatives and/or were supporting the MRP on a part-time basis, in addition to their regular base assignment duties, and their time may not have been properly budgeted / prioritized without a resource-loaded schedule;
 - MRP resources re-prioritized work to address emerging issues; and
 - Turnover of personnel may have led to deliverables not being completed as initially planned;
- The complexity in determining financial reference level calculations and inputs, and the subsequent time required for this exercise, may have been underestimated; and
- The MRP team has been working with the IESO and other stakeholders (e.g. the Ontario Waterpower Association) to clarify the opportunity cost calculation methodology, contributing to the delay in finalizing reference level submissions.

Potential Impact:

- The delays in completing initial activities may have a cascading impact on OPG's readiness for market renewal and/or project scope; and
- OPG may need to accept default reference levels if negotiations are not completed with the IESO by Market Renewal go-live, which may impact operating strategies.

Recommendation

Management should:

- Complete the remaining BRDs and SRDs subject to IESO dependencies;
- Develop the plan for reference level submissions, including identification of resource and time requirements (see finding 1 for further details);
- Communicate the plan to key stakeholders and obtain commitment to the established timelines; and
- Assess the risks and/or impact of the delays on downstream activities / deliverables, and develop recovery / contingency plans, as appropriate.

Management Action Plan

In addition to the management action plan articulated in response to finding 1, Management will document the approach and plan to completing and submitting the remaining SRDs and reference level submissions, as appropriate, and communicate it to stakeholders.

As of the audit report date, Management has:

- Developed and communicated a schedule for completing review and approval of the remaining BRDs, including identification of the resource requirements; and
- Issued the detailed design impact analysis document on June 14, 2022 and communicated to stakeholders.

Action Owner: Lynn Wizniak, Senior Manager Market Affairs

Target Completion Date: January 15, 2023

3. Project performance measures were not defined, progress against milestones was not reported, and not all SC members were included in SC meetings.

Moderate

The MR Integration SC was established to provide executive oversight and includes the following objectives per the Terms of Reference and MRP Umbrella Charter: (1) Overseeing the coordination of collaborative strategies across Corporate Business Development & Strategy, Renewable Generation and Regulatory Affairs, (2) Providing guidance pertaining to regulatory issues, and (3) Monitoring program performance metrics with an aim for continuous improvement.

In reviewing the monthly updates provided to the MR Umbrella Program Senior Leadership Team, IA noted the following:

a) Performance measurements were not yet finalized;

The MRP Umbrella Charter identified program performance metrics to include the conventional budget and schedule metrics (i.e. Cost Performance Index (“CPI”) and Schedule Performance Index (“SPI”)), as well as commercial readiness metrics.

As of May 2022, Management was still in the process of defining metrics to assess performance, and socializing the key milestones, which will be used to measure progress in ensuring MRP readiness. The CPI and SPI metrics were not yet reported for the Umbrella MRP, although required by the project charter. IA noted the CPI cost based metric may not be meaningful for the MRP, as most staffing resources were funded by base business and did not charge time to the project (e.g. MRP budget was not linked to deliverables to enable meaningful determination of CPI). The only metrics reported, actual spend to date versus total aggregate project budget and current release, and a sliding scale indicator of the progress for reference level negotiations, provided limited information on the project performance. IA noted the CIO workstream had started reporting CPI and SPI in 2022.

b) Delays and changes in the target completion date for project deliverables were not communicated; and

The Umbrella MRP defined a high level project roadmap with key milestones in March 2021, and the milestones were revised when the definition phase BCS was prepared in October 2021. IA noted the revisions in key milestone dates were not reported to the MR Integration SC. Additionally, actual progress against the latest defined milestones had not been reported (see finding 2 for further details).

c) Progress on tools and systems were not included in the SC reporting.

The SC has oversight responsibilities for the entire MRP, including the associated IT activities which comprised approximately 80% of the MRP budget. IA noted that the status of the IT program, which was a significant component of the MRP, was not reported to the MR Integration SC, although certain members receive an update on the progress of the IT program through their membership on the IT Steering Committee.

In addition to the communications on project performance as noted above, IA also noted that not all SC members as identified in the MRP Umbrella Charter had been invited to certain MR Integration SC meetings. Per discussion with the MRP team, due to the progress of the MRP at that time, attendance of all SC members had not been considered necessary based on the subject matter being discussed.

Potential Cause & Impact

Potential Causes:

- Competing project priorities resulting in project management activities, including the development and reporting of performance metrics, not being prioritized;
- Performance metrics, while driven by Project Management governance requirements may not have been appropriately defined in the Charter (e.g. the use of CPI as a performance metric is less relevant for the Umbrella MRP, where resources do not charge time to the project); and
- A separate steering committee existed for the IT program following CIO Projects governance, and the MR Integration SC may have relied on this oversight function.

Potential Impact:

- Delays in key project milestones may not be transparent to stakeholders and the MR Integration SC, if baseline schedules, milestones and metrics are not defined to facilitate performance reporting and milestone revisions are not evident, which may result in corrective actions not being taken;
- Given the significance of the IT project within the overall MRP program, the MR Integration SC's ability to oversee and assess the progress of the overall MRP program may be challenging if they are not provided with timely information on the IT MRP's progress; and
- Key stakeholder input and oversight may not be provided if SC members are not invited to the SC meetings.

Recommendation

Management should:

- Assess the needs of the MR Integration SC, and consider whether additional information (e.g. overall progress on IT activities) is required;
- Complete the performance metrics definition activities, and report to the MR Integration SC the overall project status against defined milestones and performance metrics; and
- Ensure that all SC members are invited to each MR Integration SC meeting and quorum be established, regardless of the subject matter to be discussed in the meeting.

Management Action Plan

Management will:

1. Revise dashboard to show progress on integrated schedule towards defined milestones. Complete definition of performance metrics. Report at monthly MRP Status Update meetings and MR Integration SC meetings.
2. Provide additional information related to the tools and system progress (i.e. IT program) to the MR Integration SC meeting to facilitate its objective to review initiatives associated with Market Renewal and provide feedback / direction; and
3. Ensure that all SC members are invited to future MR Integration SC meetings and quorum be established.

Action Owner: Lynn Wizniak, Senior Manager Market Affairs

Target Completion Date: January 15, 2023

4. A PMP, including the gating strategy and risk management plan, was not developed.

Moderate

The OPG *Project Management Standard* (OPG-STD-0148) requires all projects to develop a Project Charter and PMP, which would include the gating strategy and risk management plan. As of the date of this report, the Umbrella MRP is in the definition phase (i.e. a phase subsequent to the identification, initiation and development phases). In reviewing the project documentation, IA noted that the Project Charter and PMP, which were expected to have been developed in the earlier phases, were not completed timely or yet to be finalized. Specifically:

- The MRP Umbrella Charter, which is required to be finalized during the initiation phase per the *Project Integration Manual* (OPG-MAN-00120-00010) section 2.21, was not developed until the definition phase of the project. It was presented in April 2020, distributed for review in March 2021, and not finalized until December 2021. As a result, the charter was not included as an input into the Gate 1 approval decision (December 2020 for the IT MRP project) since it was not yet available. Additionally, IA noted the charter did not include all the required components, including the project level, gating strategy, commitments and considerations, funding / cost, and project boundaries; and
- The PMP was still being developed as of audit fieldwork for the Umbrella MRP, although the *Project Integration Manual* section 2.3.1 requires the PMP to be completed during the development phase. Therefore, the approach for managing the execution of the project, measuring and controlling progress, monitoring performance and managing change had not yet been established, as well as the following:

a) Gating strategy

The *Project Phase-Gate Management Manual* (OPG-MAN-00120-0019) section 3.1 requires a gating strategy to be established at the onset of the project and no later than the point at which the business case is approved. The strategy identifies in advance when gates will occur in the project schedule, and the deliverables to be completed for each gate.

IA noted that a gating strategy had not been defined for the Umbrella MRP, including the activities / deliverables required to be completed and approved for each gate approval. Although the Umbrella MRP had received Gate 2 funding, there was no documentation to support the project had completed the deliverables required to pass Gate 2 (e.g. the existence of the PMP and a detailed schedule).

b) Risk management plan

The *Project Risk Management Manual* (OPG-MAN-00120-0015) sections 2.1.1 and 2.2.4 requires a risk management plan to be developed and assessed periodically, and a risk register to be used to record all identified risks. IA noted that the Umbrella MRP had yet to develop a risk management plan, and a formalized risk register in ePMX did not exist, although project risks were discussed at monthly status meetings. Risk response strategies were not defined, and risk owners were not identified to ensure risk responses were appropriate; risks have also not been assessed on a quantitative basis. IA noted the existing risk inventory did not include all identified risks impacting the project.

Beginning in March 2022, the EPMO was engaged to assist with performing cost and forecast analysis for the project. Management anticipates this arrangement will help standardize the analysis and align it with the EPMO methodology, as well as facilitate monthly budget variance discussions.

Potential Cause & Impact

Potential Causes:

- Management was not familiar with the EPMO governance requirements, and may not have felt that the implementation of project management controls was necessary;
- Insufficient or inadequate resources were allocated to focus on the MRP project management activities during the planning phase; and
- EPMO resources had been included in the Umbrella MRP team to support project management controls implementation, but were limited to assisting with cost and forecast analysis.

Potential Impact:

- The project may not be effectively managed if key project elements (e.g. gating strategy and risk management plan) are not addressed, which may impact the overall performance and achievement of objectives and deliverables; and
- Risks may not be appropriately mitigated and managed if accountability is not assigned to risk owners and response plans are not prepared.

Recommendation

Management should complete the PMP, as well as establish and implement the gating strategy and risk management plan. Management should assess whether additional resources with appropriate subject matter expertise in the area of project management are required.

Management Action Plan

With the assistance of the EPMO, management will develop a PMP with the appropriate amount of rigour applied as required by OPG-MAN-00120-00010, including a gating strategy and risk management plan for review, approval and implementation.

As of the audit report date, Management has input the program risks into the ePMX tool, including risk assessment and response plans. Risks will be periodically reviewed to assess ongoing effectiveness of mitigation efforts.

Action Owner: Lynn Wizniak, Senior Manager Market Affairs

Target Completion Date: January 15, 2023

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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Internal Audit

Renewable Generation Turbine Generator Overhaul Program

February 28, 2023

Report Rating: **Requires Improvement**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating: **Requires Improvement**

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Sampled TG overhaul projects did not consistently adhere to OPG's project management framework, contributing to adverse project performance.	Operational	X		
2	The Asset Investment Planning and Management ("AIPM") software tool is not being fully utilized to support TG overhaul investment optimization and document decision making rationale.	Operational			X
3	A formal change management plan that includes the transition to the Equipment Health Monitoring and Reporting process has not been completed to drive full implementation.	Operational			X
4	Three recommendations from the TG Overhaul Strategic Initiative have not been implemented, and actions have not been formally recorded in an approved tracking system for monitoring and closeout.	Operational			X
Total		4	1	-	3

1.2 Background

Renewable Generation ("RG") Operations is responsible for operating and maintaining a diverse fleet of hydroelectric generating facilities and the associated infrastructure for water conveyance across the province of Ontario. The hydroelectric assets have installed capacity of approximately 7,590 MW, and account for the majority of RG's generation portfolio. RG continuously invests in its hydroelectric fleet and plans to spend approximately \$2.5 billion on 174 overhauls over the next 22 years, many of which will be Turbine Generator ("TG") overhaul projects.

TG overhauls are typically performed on an approximate 25-year frequency and are often completed with other related capital projects such as runner replacement, rotor field pole or stator rewind projects when the schedule for these investments align with the 25-year overhaul lifecycle. Overhaul and runner, rotor and stator capital investments are often programmed together given the longer required planning duration and effective sequencing in execution to make efficient use of outage time. TG overhauls typically require full disassembly of the unit, requiring substantial space within the powerhouse to execute.

Historically, each RG region (Western, Eastern, and Niagara Operations) used different methods to plan and execute overhaul projects, which were managed regionally. RG now aims to establish more consistency in the approach to performing TG overhauls across the fleet. An initiative to develop an RG TG Overhaul Strategy was conducted in 2019-2020, with a vision to develop a best-in-class TG Overhaul Program that is consistently applied across the fleet to aid execution of overhaul projects, and to identify common opportunities and efficiencies. Currently, governance for a formal TG Overhaul Program is being developed while overhaul projects are being planned and executed in accordance with RG's Business Plan and OPG's project management framework.

¹ Please refer to Appendix A for risk rating definitions

This was a risk-based audit identified in Internal Audit's ("IA") 2022 Audit Plan, selected given the criticality of ensuring the continued useful life of hydroelectric plants to OPG's generation capacity, and climate change and strategic goals.

1.3 Objective & Scope

The objective of the audit was to assess whether the processes and controls related to the TG Overhaul Program and key project management activities were designed and operating effectively to ensure the successful delivery of TG overhaul projects on time, on budget, and with quality.

In order to achieve the audit objective, IA reviewed the processes and tested, on a sample basis, whether:

A. Integrated Asset Management & Engineering Assessments
• The governance framework for the TG Overhaul Program has been established, including interfaces with the RG Equipment Reliability, Design Management, and Strategic Asset Management Programs as applicable; • The TG Overhaul Program is supported by RG Asset Management processes that integrate technical and economic assessments to produce investment options; • The TG Overhaul Program incorporates measurable benefits and efficiencies from common strategies across the fleet, while providing the regions with support and flexibility to implement regional solutions; and • Recommendations from the TG Overhaul Strategic Initiative have been implemented by each RG region in order to effectively support TG overhaul projects.
B. Project Estimating and Scheduling
• RG annually prepares a Business Plan, which includes Project Listing of TG overhaul projects to be executed based on decision-making criteria and documented inputs; • A critical component strategy for TG overhaul projects is in place enabling the identification and procurement of long-lead components, which is incorporated into the overall planning at the portfolio and project level; and • Oversight of the TG overhaul project portfolio is in place with reporting of progress, challenges, and identification and reporting on results of corrective action and/or mitigation plans.
C. TG Overhaul Project Planning & Management
• Project management standards, activities, and processes are aligned to OPG's project management framework based on the size and complexity of the project; • Scope of work has been developed and managed to ensure that the project includes all the work required, to meet project objectives; • Gate deliverables are established, and gate decision forum aligns with gate definition requirements, gate strategy and provides information on business rationale, project planning and performance; • Scope is adequately planned and is aligned to the project Work Breakdown Structure ("WBS"), schedule, resources and budget; • Contractor and OPG's schedules are established and aligned – including identification of critical path, precursor activities, milestones, interdependencies and accountabilities; • Cost estimates align with project management governance and the project WBS; • Appropriate oversight of cost/budget, including forecasting, are implemented; • Scope, schedule and cost changes are tracked, approved and managed effectively; • Progress on projects is reported, including measuring Key Performance Indicators ("KPIs"); and • Project risks and issues are regularly assessed and reviewed, and mitigation plans are implemented and contingency amounts are developed based on risks.

D. Fraud Considerations
Vendors or OPG staff may provide inaccurate cost and schedule performance reporting to intentionally misrepresent actual results or progress.
E. Opportunities for improvement
Potential opportunities for cost management and savings related to efficiency of processes were tracked and documented (e.g. automation, duplication of activities, etc.).

Scope Period: The scope included activities from January 1, 2021 to November 30, 2022, and precursor activities from prior periods where appropriate.

1.4 Conclusion

Overall, the processes and controls related to the TG Overhaul Program were found to require improvement. A summary of positive observations, key audit findings and recommendations, and further opportunities for improvement is provided below.

Positive Observations

- To support overhaul work, RG has been working with Supply Chain to develop strategic partnerships and expand its list of specialized engineering and manufacturing vendor partners in the design and replacement of turbine and generator components;
- Technical and economic tools that form the basis of RG's asset management and overhaul planning have been redesigned, including a value framework and engineering and risk assessment processes under the RG Equipment Reliability program; and
- The new Equipment Health Monitoring and Reporting process ("System Health") is being implemented to facilitate and standardize the continual assessment of RG facilities' equipment condition. During the last year, System Health has been rolled out to five hydroelectric facilities, with more to follow.

Key Finding & Recommendations

- Within the sampled TG overhaul projects, there were instances where the projects did not adhere to key elements within OPG's project management framework, which impacted performance for those projects. Additionally, a formal framework for the RG TG Overhaul Program has not been established. RG management, with enhanced presence and support by the Enterprise Project Management Office ("EPMO"), should ensure that key project management processes are implemented across planned and in progress TG overhaul projects. The EPMO should work with RG Operations to ensure timely and updated monthly project reports reflect actual results for users to assess performance across the fleet, and RG management should finalize and rollout the RG TG Overhaul Program framework.

The findings noted in this report have been reviewed with management who have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impact, audit recommendations and management action plans.

Opportunities for Improvement

RG-PROG-MA-0005 *Overhaul Strategy* (DRAFT) section 1.13 states that Equivalent Forced Outage Rate (“EFOR”) should be measured for each unit post overhaul, in order to assess whether the overhaul has had its desired effect on reliability. EFOR reporting as it relates to TG overhauls shall not include outages that are a result of an issue outside of the turbine and generator equipment. As such, EFOR_{TG} (for turbine and generators only) is to be measured on all overhauled units over time, and the data should be stored in a central database. IA noted that EFOR_{TG} has not yet been implemented for units with recent TG overhauls. Given the significant planned investment in TG overhauls by RG in the future, the implementation, measurement, reporting and trending of EFOR_{TG} is recommended as soon as is practical.

2.0 DETAILED AUDIT FINDINGS

IA identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix A.

1. Sampled TG overhaul projects did not consistently adhere to OPG's project management framework, contributing to adverse project performance.	High
OPG's project management framework is based on industry standards and includes leading practices. All organizational groups are expected to adopt this framework when planning and executing projects, including TG overhaul projects. The required level of adherence and adoption of required controls are a function of the project's scope, risk, complexity, duration, cost, and project execution strategy. In order to assess the management and performance of TG overhauls, a sample of eight in-progress or completed TG overhaul projects across RG's operational regions was selected, ranging from project level 'B' to level 'D' according to OPG's Scalable Project Delivery Model. OPG's project management governance modules were being rolled out across the RG fleet commencing in December 2019. As a result, the sampled TG overhaul projects were in various stages of adopting the enterprise-wide project management framework given the projects represented in-progress or completed work at the time of audit fieldwork. Of the eight sampled projects, five were reporting unfavourable Cost Performance Index ("CPI") (ranging from 0.41 to 0.92), with one project reporting a CPI of 1.66. These same six projects were reporting unfavourable Schedule Performance Index ("SPI") (ranging from 0.09 to 0.78), as at November 2022. In analyzing the sampled projects in detail, the following details were noted: <u>Project Planning</u> Two of the eight sampled TG overhaul projects did not have their Project Management Plan ("PMP") finalized, and cost and schedule baselines were not always documented in the PMP. In some instances, cost and schedule baselines were noted on the PMP as being in the appendices, however there were no appendices in the PMP. <u>Contingency Management</u> OPG-MAN-00120-0015 <i>Project Risk Management</i> requires that a quantitative risk analysis be performed on A, B and C level projects that may require contingency funding. The two methods of analysis are: • Monte Carlo/Program Evaluation and Review Technique ("PERT") Risk Modelling, performed on project levels A and B by the Project Management Office ("PMO") Risk Management Subject Matter Expert ("SME"); and • Expected Monetary Value ("EMV"), performed on level C projects by the project team. In developing the contingency estimates for the TG overhaul projects, neither of the required quantitative risk analysis methods above were utilized for four of the eight sampled projects. Instead, a 'percentage of estimate' approach was used in determining contingency, where the percentage usually varied between [REDACTED] of budgeted cost based on the perceived needs of the project. From discussions with management, it is unclear whether a specific implementation date for using quantitative risk analysis methods was firmly established for RG Operations.	

Change Management

OPG-MAN-00120-0016 *Project Integrated Change Control* requires that all material directed changes to project scope, cost or schedule baselines be performed through the integrated change control process in accordance with the Scalable Project Delivery Model. All change requests should be initiated within the Ecosys change module via a Change Control Form (“CCF”). A change log should be maintained documenting all changes that occur on the project and their status. For project levels A, B, and C, the change log is to be maintained electronically.

Five of the seven sampled level B – C TG overhaul projects did not document individual project changes within EcoSys. It was noted that three of these projects raised a CCF to document changes in schedule baseline, to support a superseding Business Case Summary (“BCS”) or a Project Over Variance Approval (“POVA”). Changes to contract deliverables were documented using Project Change Directives (“PCDs”), however the management and impact of those changes were not documented.

Lessons Learned

Six of the eight sampled TG overhaul projects were not actively documenting lessons learned within the EBX system as they progressed through planning and execution. It was noted that the rollout of EBX to RG occurred in June 2022.

Additionally, evidence to formally validate that previous lessons learned were reviewed as part of project planning was only available for two of the eight sampled TG overhaul projects. Project managers for two separate TG overhaul projects confirmed that a review of lessons learned was completed for their projects, however the outcome and activities coming out of those reviews were not documented.

Project Performance and Reporting

All projects are to document project performance using monthly project performance reports, with requirements (including the use of standardized templates) scaled to the project level. Project performance analysis and variance explanations should be completed with quality and confirmed by the project manager. Explanations should identify the description of the variance, and its cause and impact on project objectives (e.g., scope, cost and schedule), and include corrective actions and timelines for recovery.

In reviewing the November 2022 monthly pulse report for the sampled TG overhaul projects, the following was noted:

- Three did not have updated information in ePMX and Ecosys tools due to ongoing data accuracy issues, which had some impact on CPI and SPI calculated results; and
- Of the six projects that were reporting unfavorable variances, only two included explanations which outlined the cause and impact of the variances as well as the recovery efforts that were being pursued.

RG TG Overhaul Program Framework

Although various TG overhauls have been completed by RG Operations for many years, an overarching framework had not been established to define aspects of an RG TG Overhaul Program, specifically the purpose, objective, governance structure, roles and responsibilities, definitions, and interfaces. A draft overhaul strategy program document, aimed at providing guidance to RG overhaul teams on leading practices and tools, is in progress but has not been finalized.

In reviewing the draft overhaul strategy program document, the following was noted:

- A governance structure had not yet been determined, and there is no firm date for the completion and rollout of the document as part of governance;
- There are some references to processes that are being phased out, such as Plant Condition Assessments (“PCAs”); and
- There is no common/formal definition of an ‘overhaul’ within RG and among stakeholders.

Potential Causes and Impact

Potential Cause:

- Competing priorities and lack of resources may have contributed to staged implementation of OPG's project management framework to RG's operational regions. As a result, RG project managers are still familiarizing themselves with all elements of the framework;
- A firm implementation date was not established for use of quantitative risk analysis for contingency management, which impacted their use on legacy TG overhaul projects; and
- Historically, each RG region has used different methods to plan and execute TG overhaul type projects without the development of formal definitions and criteria.

Potential Impacts:

- Parties accountable for oversight may not have accurate, complete and up-to-date information to allow them to appropriately assess the progress of TG overhaul projects;
- The demonstration of sufficient due diligence may be questioned in the absence of a finalized and fully updated PMP;
- A lack of consideration of previously documented knowledge and learnings may cause projects to inadequately plan to prevent a repeat of past mistakes, miss opportunities for improvement and prevent projects from achieving the best possible outcomes;
- Using non-risk-based contingency calculation models may expose the TG overhaul project to unanticipated cost overruns;
- There may be limited insight/record-keeping into the changes that have affected the project cost baseline to confirm that the impact of changes to scope, schedule and/or cost and business justification for the changes are understood, documented, and accepted; and
- Lack of a common overhaul framework may result in knowledge gaps in the event of staff turnover and inconsistent execution that may impede the achievement of TG Overhaul Program objectives in the long run.

Recommendations

- Management, with enhanced presence and support by the EPMO, should ensure that key project management processes are fully implemented across planned and in-progress TG overhaul projects in accordance with applicable governance, which may improve outcomes and the achievement of objectives;
- Given the data issues impacting lagging CPI and SPI metrics, the EPMO should work with RG Operations to ensure timely and updated monthly project reports reflect actual results for users to assess performance across the fleet; and
- Management should finalize and rollout the RG TG Overhaul Program document with the following key elements – purpose and objectives, common definition for overhaul, a governance hierarchy, and requirement for performance metrics and reporting.

Management Action Plan

1. Management will perform a self-assessment on active TG overhaul projects against key project management governance, identify the gaps, and develop and implement an action plan to close those gaps.

Action Owner: Amanda Griener, Manager, Project Controls

Target Completion Date: October 31, 2023

2. Management will overhaul CPI/SPI metrics reviewed monthly at the RG portfolio, and an action log will be included to capture discussions and corrective actions to address unfavourable trends.

Action Owner: Amanda Griener, Manager, Project Controls

Target Completion Date: March 31, 2023

3. Management will finalize and roll out the RG TG Overhaul Program framework document.

Action Owner: Brian Dietrich, Director Asset & Project Management, Western Region

Target Completion Date: May 31, 2023

2. The AIPM software tool is not being fully utilized to support TG overhaul investment optimization and document decision making rationale.

Low

Following development by Integrated Fleet Management on behalf of Enterprise Operations, RG has implemented an AIPM software tool, Copperleaf 55 ("C55"), under Project #ICICO014 "Enterprise Asset Management Tool". C55 supports best practices in asset management that embodies the key principles of ISO 55000 to optimize investment decisions.

Two aspects were identified where C55 was being underutilized in the TG overhaul program:

Optimization Functionality

During project execution, stakeholders in RG were provided with C55 training and demonstrations. While the C55 tool is currently being used as a repository of data for capturing information on investments and their valuation, it was noted that the optimization functionality is not being leveraged by users for overhauls. Interviews with regional stakeholders indicated that they had provided feedback on the issues that they have encountered in applying the C55 VF, with the results not being aligned to their knowledge of the condition and importance of the assets (e.g., in some instances the investments produced a negative VF from C55).

Retaining investment selection rationale

To ensure sound investment decisions, Regional Programming evaluates investments relative to the operating environment and both short and long-term organizational goals. Potential investments are first identified from PCAs and Engineering Risk Assessment Program ("ERAP") inputs, and are recorded in the Work Program Catalog (which was migrated to the C55 software tool in Q1 2022). Potential investments for inclusion in the business plan are evaluated in each RG region and prioritized on the basis of defined criteria including technical condition, risk, value, and regional factors such as resource availability, materials delivery time, and installation requirements. The result of this iterative process is a prioritized 'Project List' submitted to Finance for the RG Business Plan, that is scheduled based on available funding and resources.

Decision-making with regards to investment selection and prioritization is a mature process involving meetings with stakeholders across RG regions, as well as review by Senior Leadership. However, it was noted that investment decisions and rationale for not selecting specific components, stations or projects (i.e., those that do not make it on the prioritized 'Project List' are not documented). Since C55's investment optimization functionality is currently not being utilized, an investment prioritization output is not generated and therefore RG's current outcome of TG overhaul project selection as part of the business planning process cannot be matched with optimized investment recommendations from C55.

Potential Cause & Impact

Potential Causes:

- C55's value framework algorithm may not have been designed for RG TG overhaul/refurbishment investments; and
- Despite rollout efforts and initial training, C55 is still a new tool where users are building knowledge and experience in functionality related to investment optimization for RG TG overhauls.

Potential Impact:

- Underutilization of the C55 tool may result in inconsistent approaches to investment evaluation by the RG regions, inability to measure and compare performance using uniform asset management performance metrics, and inability to fully achieve the intended benefits of OPG's investment in an AIPM tool.

Recommendation

Management should:

- Review the calculation methodology of the VF utilized by C55 for valuing TG overhaul investments and make adjustments to address the noted issues, while taking account of experience with the use of C55 by other business units; and
- Fully utilize C55 to produce optimized investment recommendations for TG overhauls that align with project selections for business planning. Until an optimized investment output is produced by C55, management should document the rationale behind TG overhaul investment selections and other key business decisions as part of business planning.

Management Action Plan

Management will review the calculation methodology of the VF utilized by C55 for valuing TG overhaul investments and make adjustments to address the noted issues, while taking account of experience with the use of C55 by other business units.

Action Owner: Trevor Carneiro, Senior Manager Strategic Initiative

Target Completion Date: June 29, 2023

Management will finalize and roll out the RG TG overhaul program framework document, which will include a process for documenting the rationale for TG overhaul investment selections in an approved information management system.

Action Owner: Brian Dietrich, Director Asset & Project Management, Western Region

Target Completion Date: May 31, 2023

3. A formal change management plan that includes the transition to the Equipment Health Monitoring and Reporting process has not been completed to drive full implementation.

Low

TG overhauls are planned as part of RG's business planning cycle, and are prioritized based on assessments of plant condition, engineering risk assessment, and economic and other factors. Currently, RG is in the process of a shift in engineering assessment methodology from Plant Condition Assessments ("PCAs") to the new Health Monitoring and Reporting ("System Health") process in order to enhance the overall monitoring of system integrity and plant condition across the fleet. RG-PROG-MA-0004 *Equipment Reliability* issued in September 2021 replaces the former PCA and Engineering Risk Assessment programs.

OPG-STD-0140 *Managing Change* provides requirements for managing changes resulting from projects or initiatives. This is to ensure that changes are thoroughly planned and implemented, and that the lasting intended benefits of change are achieved. Among other requirements, the standard requires documenting a formal change management plan.

A draft change management plan was created in January 2021 and updated in January 2022 for the development and implementation of the RG Equipment Reliability Tool, which includes the transition to the new System Health process, however it has not been fully completed or formalized. Specifically, the draft plan does not include tasks past September 2022 and is lacking an updated implementation timetable and post monitoring activities. Discussions with management indicated that due to the complexity of the transition, challenges in implementing new processes across multiple facilities and limited resources, the full implementation of the System Health process across RG is expected to take more time.

Potential Cause and Impact

Potential Causes:

- Turnover of key resources during the development of the new System Health process may have contributed to delays in completing the change management plan; and
- The level of implementation effort across the RG fleet, such as ongoing work modifying and validating new software tools (Engage software modules) and baselining system health information for the Hydroelectric fleet within the Engage software tool, may have been underestimated when being planned.

Potential Impacts:

Lack of a formal, complete, and approved change management plan for a major initiative departs from leading practices as articulated in change management governance, and may expose the initiative to inefficiencies and increase the risk of a protracted implementation period costing more time and resources.

Recommendation

Management should complete and issue a formal change management plan in accordance with OPG-STD-0140 for the System Health process.

Management Action Plan

Management will prepare and issue a Change Management Plan for the transition to enhanced Equipment Reliability tools and processes to support timely risk-based decision making.

Action Owner: Chad Plant, Senior Manager Performance Engineering

Target Completion Date: April 28, 2023

4. Three recommendations from the TG Overhaul Strategic Initiative have not been implemented, and actions have not been formally recorded in an approved tracking system for monitoring and closeout.	Low
Due to the planned increase in TG Overhaul project work in RG's business plan, an initiative to assess and develop an RG TG Overhaul Strategy began in February 2019. The intent of the strategy was to consider both internal and external factors such as Original Equipment Manufacturer ("OEM") resource limitations/capacity, trades' availability, and internal resourcing demands. A report on the results of the initiative (RG-REP-41100-0001) was completed in June 2020 and it outlined recommendations developed by the five established working groups. It was noted that three of the seven recommendations related to performing benchmarking, 'capturing tools and templates' in the RG Managed System, and developing and implementing an RG Approved Supplier Program, have not yet been implemented, formally tracked and actioned. Although some recommendations had been implemented and others are in progress, the recommendations from the initiative, in general, were not converted into traceable management actions with assigned owners and target completion dates for monitoring and formal closeout.	
Potential Cause and Impact	
<u>Potential Cause</u> A formal process to record, monitor, and track actions associated with the TG Overhaul Strategic Initiative was not developed as part of the initiative closeout. As a result, resources required to implement all recommendations may not have been identified to ensure completion of all actions. <u>Potential Impact</u> If formal action items are not developed, tracked and monitored with assigned owners or delegated to responsible parties, the actions may not be completed in a timely manner, and objectives of the initiative may not be achieved.	
Recommendation	
Management should document all actions associated with the TG Overhaul Strategic Initiative in a managed system, which would facilitate the assignment of action owners as well as formal tracking and closeout of all recommendations and actions including the three outstanding recommendations.	
Management Action Plan	
Management will document all actions associated with the TG Overhaul Strategic Initiative in a managed system, which would facilitate the assignment of action owners as well as formal tracking and closeout of all recommendations and actions including the three outstanding recommendations. Action Owner: John McCaig, Director Asset & Project Management, Integration Strategy Target Completion Date: December 29, 2023	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

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Internal Audit

Indigenous Relations

February 13, 2023

Report Rating: **Requires Improvement**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating:

Requires Improvement

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Evidence to support Financial Settlement Agreements ("FSA"s) and fulfilment of related obligations was not always available.	Operational	X		
2	Governance does not contain guidance on the preparation of Indigenous Engagement Plans ("IEPs").	Operational		X	
3	Monthly status reports on Indigenous procurement [REDACTED].	Operational			X
4	The interpretation and execution of one RAP target were inconsistent with a plausible interpretation of the wording in the RAP.	Operational			X
Total		4	1	1	2

1.2 Background

Ontario Power Generation ("OPG") facilities across Ontario are located on the treaty and traditional territories of Indigenous people. OPG is committed to fostering positive and mutually beneficial relationships with Indigenous people and communities across Ontario.

In 1992, OPG developed a formal framework to assess and resolve historic grievances, largely related to the flooding of First Nation reserve lands. Over the past three decades, OPG has reached and delivered on Final Settlement Agreements ("FSA"s), including extending formal apologies, with 21 First Nations communities.

As part of OPG's commitment to partnering with Indigenous communities, a number of projects, advisory councils and grants have been developed in collaboration with Indigenous partners. This includes four generating station construction projects, the establishment of OPG's Indigenous Opportunities Network, extension of community grants, and creation of advisory councils on key OPG projects such as Small Modular Reactors ("SMRs").

In October 2021, OPG published its first Reconciliation Action Plan ("RAP") as a roadmap for how OPG plans to partner with Indigenous communities, businesses and organizations to advance reconciliation. The RAP is aligned with the Truth and Reconciliation Commission of Canada's Calls to Action #92, which calls for corporate Canada to create a better future by applying a reconciliation framework to business activities.

This is a risk-based audit identified in Internal Audit's ("IA") 2022 Audit Plan, selected given the strategic importance of the RAP, the significance of engagement of Indigenous communities to OPG's growth prospects, and the resolution of past grievances to the company's operational and social license performance.

¹ Please refer to Appendix A for risk rating definitions

1.3 Objective & Scope

The objective of this audit was to assess the design and operating effectiveness of controls and processes in place to ensure OPG's compliance with the obligations set out in the settlement agreements, and enable OPG to achieve the commitments outlined in the company's RAP.

To achieve the audit objective, IA reviewed the process and tested, on a sample basis, whether:

A. Past Grievances
- Memoranda of Understanding ("MOUs") were signed by Indigenous community representatives, as well as an OPG Director or Officer; - MOUs contained a work plan, including a timeline and budget; and - Final Settlement Agreements ("FSAs") were only signed off following an approved Business Case Summary for the work plan and Indigenous community referendum.
B. Settlement Obligations
- Settlement obligations were tracked to ensure that payments and actions were completed on a timely basis and in accordance with the terms of the settlement agreements; and - Periodic reports were provided to the Enterprise Leadership Team on the status of past grievances and settlement obligations.
C. Reconciliation Action Plan ("RAP")
- A governance framework had been established to support achievement of RAP goals; - Formal leadership and working groups had been established and provided oversight of, and drove progress aligned to, RAP actions; - RAP actions targeted for completion to date had been completed or otherwise extended as appropriate; and - Measures to report progress against RAP actions not yet completed were tracked and calculated appropriately, including the progress towards \$1 billion in economic impact by 2031.
D. OPG Business Initiatives
- IEPs had been developed for key OPG growth initiatives and articulated Indigenous community positions clearly; - Community engagement plans for key OPG growth initiatives had owners assigned for accountability.
E. Fraud Risks
- Intentional erroneous reporting on the status of OPG's obligations under the settlement agreements; - Preferential selection of certain vendors for personal gain; and - Pressure to meet RAP targets results in reduced integrity in the procurement process.
F. Opportunities for Improvement
There are potential opportunities for cost management and savings related to efficiency of processes and documentation (e.g. automation, duplication of activities, etc.).

Scope Period: The scope included activities from January 1, 2021 to September 30, 2022, and relevant precursor activities from prior periods where appropriate.

1.4 Conclusion

Overall, IA noted the processes and controls established to ensure OPG's compliance with the obligations set out in the FSAs and to enable OPG to achieve the commitments outlined in the company's RAP require improvement. A summary of positive observations, key audit findings and recommendations, and opportunities for improvement is provided below.

Positive Observations

- The Indigenous Relations ("IR") department has continued to collaborate with plant groups and the communities in which the groups are located to help improve OPG's relationship with those communities. The IR staff demonstrated a high level of engagement and motivation towards ensuring the achievement of OPG's objectives, especially as they relate to Indigenous engagement.
- The IR department has proactively sought to address the planned increase in enterprise-wide projects requiring further Indigenous engagement, including the Darlington New Nuclear Project ("DNNP") and the potential for development of hydroelectric facilities in Northern Ontario, as reflected in the establishment of additional positions within the group. This has also been reflected in the establishment of a Vice President role, recognizing the importance of Indigenous engagement to OPG's social licence.

Key Findings & Recommendations

- Documentation was not consistently maintained to support the FSAs between OPG and Indigenous communities or the completion of the related obligations. In addition, the tool currently used to track FSAs is incomplete and contains some inaccuracies. Coupled with high staff turnover, the lack of adequate documentation and tracking has led to a lack of clarity around OPG's outstanding financial and non-financial FSA obligations. Confusion around whether obligations have been met could adversely impact OPG relationships with Indigenous communities, putting planned strategic initiatives at risk. Management should review and update the tool and their process for document management to achieve the appropriate clarity.
- Indigenous relations governance does not include guidance on the preparation of IEPs, which are important to ensure OPG works with Indigenous communities in a consistent and respectful way, and to ensure OPG fulfils the Crown's Duty to Consult with the communities occupying lands on which OPG operates. Failure to consult could result in adverse actions by communities delaying project operations.

The findings noted in this report have been reviewed with management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above findings along with the associated risk impact, audit recommendations and management action plans.

Opportunities for Improvement

- An outstanding non-financial obligation in one settlement agreement was for OPG to provide a formal apology to the Wahnapiatae Indigenous community by February 2013, shortly after the execution of the agreement. Discussions with Management indicated that the action had been delayed for a number of reasons, including resourcing constraints within the community, competing priorities with the management of other Indigenous relationship matters, and the impact of the COVID-19 pandemic on the community. Given the recent correspondence with the Wahnapiatae community, Management should consider prioritizing the fulfilment of this obligation as soon as possible.

- The *Indigenous Relations Manual* has not been updated since May 2020, and therefore does not reflect changes in OPG's organizational structure since that date. For example, the positions of President of Nuclear and President of Renewable Generation are cited in the Manual, with neither position existing as of the date of this report. Management should update governance documents to reflect the current organizational structure.

2.0 DETAILED AUDIT FINDINGS

Internal Audit identified the following detailed findings which have been risk rated based on the definitions outlined in Appendix A.

1. Evidence to support Final Settlement Agreements and fulfilment of related obligations was not always available.	High
Since 1993, OPG has executed 21 FSAs with Indigenous communities. These FSAs contain both financial and non-financial commitments made by OPG to the communities. As per OPG-MAN-08410.1-0001 <i>Indigenous Relations Manual</i> (“the Manual”), the IR team is responsible for maintaining documentation that supports both the execution and the monitoring of OPG’s compliance with the FSAs, including the processing of related payments. The Manual requires that FSAs are supported by approved Business Case Summaries (“BCS”). Management maintained an Excel tracker to monitor OPG’s fulfilment of all FSA obligations as they become due. Through discussions with Management and review of the FSAs, it was demonstrated that OPG’s obligations were generally being met. However, through review of the FSAs, IA observed the following items in relation to the control environment with respect to the tracking and monitoring of OPG’s performance against these obligations:	
Non-financial obligations It was noted that the tracker maintained by IR did not include all non-financial obligations within the FSAs. While obligations relating to communication were listed separately, only 14 of the 21 FSAs were represented, and details had not been updated since 2020. IA confirmed that there was at least one FSA with non-financial obligations that were not included. Of the 14 FSAs listed in the file, various non-financial obligations such as issuance of a formal apology, installations of and repairs to various grounds, and engagement of communities in future business development were not included in the tracker. Monitoring activities The tracker maintained by IR was also found to be incomplete and contained inaccuracies. Specifically: • In the financial obligation tracker, two of the 21 FSAs were not included, and only the worksheet summarizing 2022 payments was being updated; • Seven of the 103 pre-2022 payment obligations, including lump sum payments, professional fees, and negotiation fees, were missing from the financial obligations tracker or inaccurately recorded; • For two of the six active FSAs, lease obligations remained active and were being accrued, but the tracker indicated that lease obligations were completed; and • Lease obligations where terms had not yet been negotiated and finalized were not being tracked.	

Potential Cause & Impact

Potential Causes:

- The variety of changes in the business since the inception of FSAs [REDACTED]. Such changes included accounting systems updates, changes in names or references of some of the Indigenous communities and assignment of multiple vendor codes to individual communities;
- Loss of historical knowledge of past FSA activity due to turnover of staff in the role responsible for FSA-monitoring since the inception of FSAs;
- Competing priorities due to the volume of activities managed by the IR team, leading to matters such as supporting Indigenous engagement and consultation processes, managing relationship issues, and responding to internal requests being prioritized over longer-term administrative departmental needs; and
- In reviewing the need for period-end accruals, there may have been a lack of consideration given to outstanding financial obligations under the FSAs due to their non-standard nature.

Potential Impacts:

- There may be challenges in producing supporting documentation/evidence when requested by parties such as the Indigenous communities or other stakeholders;
- If all obligations are not being monitored, corrective action may not be taken in a timely manner, and may result in obligations not being met as they fall due;
- Missed / unmet obligations may negatively impact relationships with Indigenous groups and result in impacts to OPG's social licence; and
- There may be an understatement of expenses and associated liabilities in OPG's financial information.

Recommendations

Management should:

- Develop a process to improve knowledge retention and knowledge transfer around FSAs;
- Perform a review of all hard and soft copy FSA files currently in its possession, and develop a standardised system and methodology for retaining key documents;
- Establish a way to record the completion of both financial and non-financial obligations, and identify obligations that are still to be completed. This should include both obligations where the terms and amounts are known and where terms are yet to be finalised;
- Where payments, accruals and non-financial activities have been completed, develop a process to validate and retain supporting documentation;
- Ensure that there is a process to review and update the records as needed; and
- Perform an assessment of existing staff and responsibilities of the IR department to assess where there may be gaps.

Management Action Plans

Management will:

- Work with Finance to develop and document a process to track financial and non-financial FSA obligations, recording obligations met (e.g., payments, accruals, and non-financial obligations), and facilitate the retention and retrieval of related documents;
- Complete a Records Management Self-Assessment and identify the actions and resources needed to establish a consistent records management system for Indigenous Relations; and
- Perform an assessment of the IR team's resources and responsibilities to identify where there may be gaps and needs for additional support.

Action Owner: James Desmoulin, Senior Manager, Indigenous Relations
Target Completion Date: August 30, 2023

2. Governance does not contain guidance on the preparation of Indigenous Engagement Plans ("IEPs").	Moderate
OPG-MAN-08410.1-0001 R001 <i>Indigenous Relations Manual</i> S5.5 describes the background of and general procedures to comply with OPG's Crown-delegated Duty to Consult with Aboriginal groups resident on land subject to Aboriginal or Treaty Rights and on which OPG plans to develop projects. This Duty to Consult is paramount in project development where environmental assessments are undertaken and in seeking federal or provincial approvals or permits. As a result, legislation such as the Canadian Environmental Assessment Act and some regulators such as the Canadian Nuclear Safety Commission ("CNSC") encourage the preparation of Indigenous consultation / engagement plans. The CNSC, through REGDOC 3.2.2, mandates that a licensee submit an Indigenous engagement report as part of its license to construct application. OPG's approach to addressing this requirement includes the preparation of internal Indigenous Engagement Plans ("IEPs") for projects on land subject to Aboriginal or Treaty Rights. From a population of 16 IEPs, IA reviewed six IEPs, three related to the Hydro Expansion initiative and three related to the DNNP, and noted that the owners of the plan (that is, the individual responsible for ensuring the implementation of the engagement activities) had not been identified, nor had a risk assessment of potential adverse impacts been performed to guide the extent of engagement needed. The Darlington New Nuclear Project ("DNNP") team, established to develop SMRs, recently created a role with specific accountability for overall management of Indigenous engagement for DNNP. Subsequent to discussions with IA, this role was identified as the owner of the IEPs specific to DNNP. Indigenous engagement activities related to this project has progressed in accordance with the IEPs.	
Potential Cause & Impact	
<u>Potential Causes:</u> • No documented guidelines were available on the preparation and expected content of IEPs, as the <i>Indigenous Relations Manual</i> was last revised in 2020 when a number of newer strategic initiatives had not been developed; and • Knowledge sharing may have been inconsistently performed from areas of the business that have greater experience in working with Indigenous communities, to other areas where Indigenous engagement may be a comparatively newer concept. <u>Potential Impact:</u> A lack of consistently established IEPs may have a number of potential impacts, including: • OPG's "Duty to Consult" obligations may be not be adequately met; • A lack of a detailed plan with risk mitigation strategies may lead to a deterioration of relationships with Indigenous communities, resulting in increased reputational risk; • Possible delays in project schedules if IEPs do not contain a comprehensive engagement plan; and • Delayed approval of pending and future project permits by legislators and regulators.	
Recommendation	
Management should consider: • Establishing guidelines on OPG's expectations around the preparation of IEPs, including but not limited to identifying instances where an IEP is required, the identification of the plan owner, the roles and responsibilities of key project staff, and a risk assessment of potential adverse impacts and associated risk management plan; and • Including in the IEPs related to the DNNP, descriptions of the roles and responsibilities of key employees involved in Indigenous engagement related to the DNNP.	

Management Action Plan

Management will establish guidelines on the preparation of IEPs, including but not limited to the identification of the plan owner, the roles and responsibility of key project staff, and a risk assessment of potential adverse impacts.

Action Owner: Ian Jacobsen, Director, Indigenous Relations

Target Completion Date: May 30, 2023

Management will include descriptions of the roles and responsibilities of key employees involved in Indigenous engagement in the IEPs related to the DNNP, given that project work has already commented in the DNNP while the Hydro Expansion project is still in its feasibility study phase.

Action Owner: Peter Moore, Senior Manager, Projects (DNNP)

Target Completion Date: March 31, 2023

3. Monthly status reports on Indigenous procurement	Low
Maximizing business and procurement opportunities from Indigenous communities is a key pillar in the RAP, which also includes an action to increase procurement from Indigenous businesses, with a goal of achieving a minimum of 5% of total OPG spend per year by 2025. In 2022, Procurement from Indigenous Businesses was included as a key performance indicator (“KPI”) in OPG’s Corporate Balanced Scorecard as a first step in advancing towards the RAP action, with a target spend of \$56 million for the year ended December 31, 2022. Supply Chain prepared monthly status updates on the progress towards the KPI target to OPG’s Senior Leadership Team. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	
Potential Cause & Impacts	
<u>Potential Causes:</u> - Being a new KPI in 2022, the process of tracking Indigenous procurement is manual, and involves compiling data on Indigenous procurement to date from multiple systems, [REDACTED]; and - Changes to procurements in prior periods are not reflected in the report, with only the most recent month was updated in the YTD figure for each monthly update. Prior months are not reviewed for changes in circumstances (e.g., amendments or cancellations in contracts). <u>Potential Impacts:</u> [REDACTED] the corporate scorecard target and subsequent monitoring of progress against the RAP action.	
Recommendations	
Taking the lessons learned from the first year of monitoring Indigenous procurement, Management should aim to add improvements to the process, [REDACTED], present the most up-to-date information and improve efficiency. Management should complete the current initiative to automate the Procurement monthly presentations using Indigenous award values directly from source data.	

Management Action Plan

Management is developing and implementing an automated reporting system to present RAP awards and spend using PowerBI, pulling source data from Ariba rather than AS9. Specifically, the system will:

- Pull award data automatically from Ariba into PowerBI [REDACTED] and include the most recent updates and amendments to purchase orders and contracts;
- Pull vendor data from Ariba Vendor Master to ensure that vendors' Indigenous status have been thoroughly validated prior to inclusion in the report; and
- For prime suppliers, pull Tier 2 awards through Ariba questionnaire functionality.

Documentation from UAT testing will be maintained to support [REDACTED].

Action Owner: Pavel Shcherbin, Senior Manager, Supply Chain

Target Completion Date: March 31, 2023

4. The interpretation and execution of one RAP target were inconsistent with a plausible interpretation of the wording in the RAP.	Low
As part of the RAP, OPG aimed to enhance support for Indigenous initiatives, with a target of increasing amounts contributed to overall annual Indigenous investment program through the Corporate Citizenship Program ("CCP") by 10%. In the 2022 RAP Annual Report issued in November 2022, progress against this action was noted as being on track, noting that the CCP will meet the target of a 10% increase in Indigenous community investment in 2022. CCP investments in Indigenous initiatives in 2022 totaled \$419,000. It was noted that this amount was less than in 2021, where OPG invested larger amounts in Indigenous initiatives as part of the response to the COVID-19 pandemic.	
Potential Cause & Impacts	
<u>Potential Causes:</u> • The detailed target benchmark was not clearly defined in the RAP, including consideration of the enhanced contributions previously made to Indigenous initiatives in response to the COVID-19 pandemic; • The RAP target was ambiguous by not including the intended baseline budget benchmark of \$350,000, therefore leading to a different interpretation; and • Being a new initiative, the process for monitoring progress against the targeted spend was not mature, and because the baseline spend was not specified in the RAP, there was confusion about the specific value of the RAP commitment. <u>Potential Impacts:</u> • Reputational harm to OPG if external parties perceive that OPG's reporting on RAP progress is inaccurate; and • Reduced impact of the RAP if internal or external parties perceive that RAP targets are not meaningful or being adhered to.	
Recommendations	
Management should: • Ensure that future RAP targets provide a clear understanding of how to measure progress against the objective, and that related internal measures are aligned with the RAP target; and • Consider whether the discrepancy in the published 2022 RAP Annual Report is material enough to require a revision for additional clarity.	
Management Action Plan	
Management will: • Review RAP 2023 targets and work with the relevant responsibility centers to ensure that targets are measurable, to demonstrate that completion of the target will contribute to the overall goals of the five pillars of the RAP; and • Determine if the published 2022 RAP needs to be revised for additional clarity. Action Owner: Ian Jacobsen, Director, Indigenous Relations Target Completion Date: April 30, 2023	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

Heather Ferguson

Senior Vice President, Business Development, Strategy & Corporate Affairs

Jennifer Tidmarsh

Vice President, Indigenous Relations & Partnerships

cc: Ken Hartwick	President & Chief Executive Officer
Aida Cipolla	Chief Financial Officer & Senior Vice President, Finance
Alison Bradley	Director, Asset & Project Management
Adam Chiarandini	Director, Enterprise Risk Management
Michelle Folliott	Director, Ethics & Equity
Ian Jacobsen	Director, Indigenous Relations
Adam McClare	Director, Brand Management
Roberta Reynolds	Director, Recruitment & Onboarding
Judy Tan	Director, Internal Audit
James Desmoulin	Senior Manager, Indigenous Relations
Christine John	Senior Manager, Indigenous Relations
Aleem Juma	Senior Manager, Internal Audit
Peter Moore	Senior Manager, Projects, DNNP
Pavel Shcherbin	Senior Manager, Supply Chain
Giselle Contaste	Manager, Internal Audit
Shannon Yee	Manager, Internal Audit



Internal Audit

North American Electric Reliability Corporation (“NERC”) Reliability Standards – Renewable Generation Operations

February 28, 2023

Report Rating: **Requires Improvement**

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1.0 EXECUTIVE SUMMARY

1.1 Report Rating and Summary of Findings

Report Rating:

Requires Improvement

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Issues were noted with supporting evidence used to demonstrate the completion of maintenance activities required by PRC-005-6.	Operational/ Social Licence	X		
2	Regional Program Execution Plans ("PEP") spreadsheets for PRC-005-6 lacked justification for extended maintenance intervals and were missing maintenance completion and next verification dates.	Operational/ Social Licence		X	
3	Insufficient evidence was available to validate Reported Facility Ratings under FAC-008-5.	Operational/ Social Licence		X	
Total		3	1	2	-

1.2 Background

The IESO Market Rules require market participants to comply with NERC Reliability Standards and Northeast Power Coordinating Council ("NPCC") Regional Standards, Directories and Criteria documents. Energy generation companies, such as OPG, must comply with IESO Market Rules as required by the company's electricity generation licence issued by the Ontario Energy Board ("OEB").

OPG's Internal Reliability Compliance Program ("IRCP") is designed to set out the methodology by which OPG achieves reliability compliance, based on a framework to determine and track ongoing reliability compliance through regular reporting, periodic self-assessments and audits.

This audit was executed following a request by Management, given the importance of following the IRCP and ensuring compliance with IESO Market Rules, a condition of OPG's electricity generation licence. Internal Audit ("IA") engaged a third-party consultant to perform an assessment of OPG's compliance over select NERC Reliability Standards based on NERC's Compliance Monitoring and Enforcement Manual and Auditor Handbook, which classifies findings into three categories:

- **Potential for Non-Compliance ("PNC")** - A determination that there is a possible failure to comply with a Reliability Standard or Requirement.
- **Areas of Concern ("AOC")** - A situation that, if not addressed, could develop into future non-compliance. Ineffective or nonexistent preventive, corrective, or detective actions may contribute to an area of concern.
- **Opportunities for Improvement ("OFI")** - Suggested improvements in the compliance program, control-related processes, procedures, or tools to enhance the reliability, security, or resiliency of the Bulk Electric System ("BES"). Opportunities for process improvements should be shared with the Registered Entity.

¹ Please refer to Appendix B for risk rating definitions

1.3 Objective & Scope

The objective of this audit was to assess OPG's compliance with a sample of certain NERC standards for the Renewable Generation ("RG") business unit. There are more than 30 applicable NERC Operations and Planning type standards (excluding 12 NERC Critical Infrastructure Protection standards) that apply to OPG. The standards that were in scope for this audit were:

- 1) PRC-005-6 *Protection System, Automatic Reclosing, and Sudden Pressure Relaying Maintenance*;
- 2) PRC-024-2 *Generator Frequency and Voltage Protecting Relay Settings*;
- 3) PRC-006-NPCC-2 *Automatic Underfrequency Load Shedding*;
- 4) FAC-008-5 *Facility Ratings*; and
- 5) MOD-032-1 *Data for Power System Modeling and Analysis*.

These five specific standards were identified following a risk-based assessment in coordination with the Regulatory Affairs Department.

In order to achieve the audit objective, IA reviewed the process and tested, on a sample basis, whether:

A. PRC-005-6
• A Protection System Maintenance Program ("PSMP") had been established that meets all applicable requirements to be followed by OPG plants for its applicable Protection Systems, Automatic Reclosing, and Sudden Pressure Relaying that are identified as Bulk Electric System ("BES") elements; • OPG plants had an adequate set of Plant Instructions for maintenance activities; • Maintenance activities were performed as defined by the PSMP within associated intervals; • Efforts to correct identified Unresolved Maintenance Issues were documented; • Equipment was tested and monitored to ensure compliance with reliability standards; and • Sufficient documentation, records, and other evidence was captured and maintained to demonstrate compliance with the standard.
B. PRC-024-2 and PRC-006-NPCC-2
• BES and Bulk Power System ("BPS") generator frequency protective relaying had been set to meet requirements; • Generator voltage protective relaying were set to not trip within the "no trip zone" identified in the standard; • Known regulatory or equipment limitations that prevent an applicable generating unit with generator frequency or voltage protective relays from meeting relay setting criteria had been documented; • Applicable generator protective relay trip settings were communicated to the Planning Coordinator or Transmission Planner upon receipt of written request within required timelines; • The underfrequency protection was set to operate as outlined in the standard; • Generator frequency protective relaying was set to trip as outlined in the standard, and in accordance with applicable law, good utility practice and all applicable reliability standards; and • Sufficient documentation and evidence was captured and maintained to demonstrate compliance with the standard.

C. FAC-008-5
- Documentation existed for determining the facility ratings of OPG's solely and jointly owned generator facilities; - OPG's Facility Rating Methodology was consistent with requirements and included the underlying assumptions, design criteria and methods used for determination; - Requested information (such as facility ratings and the identity of the most limiting equipment of the facilities) was provided to transmission owner(s) and to the IESO within required timelines upon request; and - Sufficient documentation and evidence was captured and maintained to demonstrate compliance.
D. MOD-032-1
- Steady-state, dynamics, and short circuit modeling data had been provided to the IESO in accordance with requirements and reporting procedures; - A comprehensive database was established that contains all generation facility data required for IESO registration; - Updated data, explanations, and technical rational was provided to the IESO upon request; and - Sufficient documentation and evidence was captured and maintained to demonstrate compliance.
E. Fraud Considerations
No significant fraud risks were identified.
F. Opportunities for Improvement
There were potential opportunities for cost savings related to efficiency of processes and documentation (e.g. automation, duplication of activities).

Scope Period: The scope included activities from September 1, 2019 to August 31, 2022, and relevant precursor activities from prior periods where appropriate.

Scope Limitations:

The audit scope was restricted to assessing compliance with the NERC standards identified above. The audit did not assess compliance with other NERC standards that OPG must comply with as a market participant and electricity generator.

1.4 Conclusion

Overall, some maintenance activities, evidence and associated documentation needed to demonstrate compliance were found to require improvement. A summary of positive observations and key audit findings and recommendations are provided below. Opportunities for improvement identified in the engagement have been separately communicated to Management.

Positive Observation

- IA noted that RG is in the process of implementing initiatives that will streamline and enhance records and how activities are conducted such as:
 - Moving towards 'online' PEPs across all regions that will be updated and accessible for users;
 - Standardization of PSMP related work forms vetted with specific required maintenance activities; and
 - Use of tablets loaded with standardized PSMP work forms for use by staff instead of manual 'offline' forms.

Key Findings & Recommendations

- Some issues were noted with supporting evidence used to demonstrate the completion of maintenance activities required by PRC-005-6. Management should progress ongoing initiatives that may address gaps in records and evidence such as implementation of “online” Program Execution Plans (“PEPs”) to improve consistency and apply application controls, and implement standardization of work forms for required maintenance activities. Management should also perform a self-assessment review on the accuracy and existence of audit evidence for the Protection System Components listed in RG regional PEPs, and take action to address any gaps in the work management process and supporting system documentation identified during the assessment;
- Regional PEP spreadsheets lacked justification for extended maintenance intervals, maintenance completion, and next verification dates. Management should progress efforts to transition towards online version of PEPs with application controls to mitigate data gaps, while addressing gaps with historical maintenance records. Regional PEPs should be reviewed to ensure the information is being presented in a consistent manner, extended maintenance intervals are justified with rationale and supporting documentation, and key dates related to maintenance activities are not missing; and
- Insufficient evidence was available to validate Reported Facility Ratings across many of the facilities. In addition, values were manually entered instead of being calculated as a formula in Facility Rating Spreadsheets (“FRS”), which resulted in the audit team not being able to verify the accuracy of the reported ratings. Management should develop a risk-based and prioritized plan to address the gaps in records and evidence to support values reported in the FRSs.

The findings noted in this report have been reviewed with Management and they have committed to specific action plans. Please refer to Section 2.0 for specific details of the above finding along with the associated risk impact, audit recommendations and management action plans.

2.0 DETAILED AUDIT FINDINGS

IA identified the following detailed findings which have been risk-rated based on the definitions outlined in Appendix B.

1. Issues were noted with supporting evidence used to demonstrate the completion of maintenance activities required by PRC-005-6.	High
Maintenance and testing activities are required to be performed on all Protection System components as identified in PRC-005-6 R3 - <i>Criteria for a Performance-Based Protection System Maintenance Program</i>. RG's methodology is documented in ENG-MAN-041 – <i>Protection System Asset Management and Maintenance Manual</i> and in the Internal Reliability Standard OPG-STD-0099 – PRC-005 – <i>Protection System Maintenance</i>, which establishes guidance for each of the regions and facilities to implement the required procedures and processes to implement a PSMP. The required protection system Preventative Maintenance ("PM") activities are programmed into a Computerized Maintenance Management System ("CMMS"), which is the Asset Suite 9 ("AS9") tool – formerly Asset Suite 7 ("AS7"). Each operational region (Niagara, Northwest, Northeast, and Southeast Operations), and a few contracted facilities, maintains a PEP that contains Preventative Maintenance Identification ("PMID") numbers, equipment information, and maintenance frequencies, in addition to other pertinent information. From an initial in-scope population of 153 OPG RG generating units across 33 generation facilities in the RG fleet that must comply with PRC-005, ten stations were judgmentally sampled to assess compliance with PRC-005-6 (see Appendix A for a listing of the sampled stations). In accordance with the NERC Electric Reliability Organization ("ERO") Sampling Handbook, the audit team utilized statistical sampling to identify a testing population for each generation facility's relays as identified in the regional PEP. This resulted in a total sample of 98 protection systems across the ten stations. The following issues were identified based on a review of regional PEPs, supporting evidence provided by RG staff, additional data request responses, and following interviews with RG staff and compliance SMEs assessing whether the required maintenance activities were completed within the required NERC intervals cited in the regional PEPs: 1. Insufficient evidence was available to support the execution of a 5 year battery load capacity test at the DeCew 2 facility as noted on the PEP and dated February 2018; 2. No records existed to support the sampled annual battery tests for Otter Rapids, and both annual and quarterly battery tests for Abitibi Canyon; 3. Inability to verify various sampled regional PEPs for the 'Latest Completion Dates' for maintenance activities due to insufficient audit-quality documented evidence; 4. Some sampled PM / Work Order ("WO") packages did not have any supporting field evidence; 5. AS9 screen captures (i.e., 'predefined WO history' and 'Task Completion Process' screens) and instruction/work standards for testing procedures were provided as evidence of maintenance testing, which would not be deemed as sufficient quality evidence due to inadequate details; and 6. Some sampled supporting field evidence did not have dated/signed checklists.	

Potential Cause & Impact

Potential Cause:

Completed dated field-testing documentation was not retained by regional Work Centres after closure of WOs due to a lack of training, including understanding of evidence requirements as defined by regulatory standards.

Potential Impact:

Insufficient supporting evidence demonstrating that required maintenance activities were completed within the required intervals cited in the regional PEPs, and a lack of maintenance activity occurrence, may result in a non-conformance to NERC standards and regulatory fines. Pervasive issues may also erode OPG's credibility and compliance history with regulators.

Recommendation

Management should:

1. Further investigate the identified incidents of possible non-compliance and conduct a self-assessment review on the accuracy and existence of audit evidence for the Protection System Components listed in RG regional PEPs across the fleet, and take action to address any gaps in the work management process and supporting system documentation identified during the assessment. Management should initiate MACD self reports as required once the assessments are completed; and
2. Progress initiatives that include, but are not limited to:
 - Implementation of "online" PEPs across all RG regions to improve consistency and mitigate missing information through application controls;
 - Resolving data gaps in AS7/AS9; and
 - Develop and implement standardization of the PSMP related Work Forms that are tailored to act as evidence and documentation for required maintenance activities.

Management Action Plan

1. Investigate the three representative samples noted within the PNC related to Otter Rapids, Abitibi Canyon, and DeCew 2 sites. Determine root causes and corrective actions necessary to prevent a recurrence, and initiate MACD self reports as required.

Target Completion Date: April 14, 2023

2. Implement and issue RG IRCP procedure establishing a continuous improvement process, and complete a IRCP program fleet view dashboard/tool in alignment with the new procedure.

Target Completion Date: September 30, 2023

3. Develop RG governance pertaining to PSMP/IRCP work forms, reporting and retention, and establishing a change control process and standardized approach.

Target Completion Date: December 29, 2023

Action Owners:

Bruce Robertson, Vice President, Regional Operations Eastern Region; and
Shaun Hinds, Director, Plant Operations, Southeast Operations

2. Regional PEP spreadsheets for PRC-005-6 lacked justification for extended maintenance intervals and maintenance completion and next verification dates.

Moderate

The required protection system Preventative Maintenance activities are programmed into a CMMS (Computerized Maintenance Management System). Management uses AS9 as its CMMS (prior to July 2022, AS7 was used). The Asset Suite Preventative Maintenance activities use Preventative Maintenance ID (PMID) numbers, equipment numbers, model work orders, and frequencies to identify the protection system component and its required maintenance. The use of specified frequencies within Asset Suite establishes a time-based methodology to conduct maintenance activities that are required by regulation. As part of the migration from AS7 to AS9, Management continues to address implementation issues associated with the validation of historical maintenance records, e.g. completion dates and links to supporting documents.

In RG, each region (Niagara, Western, and Eastern Operations) maintains a regional PEP in Excel that contains the PMID numbers, equipment information and maintenance frequencies, Previous Three Completed Dates and Next Verification date. The regional PEPs are being maintained and utilized by regional compliance officer or SME as a tool for ensuring that the required regulatory maintenance activities are scheduled as required. Currently, Management is transitioning these PEPs to an 'online' version, that will allow the SMEs to drill down to the associated word orders.

In reviewing regional PEP spreadsheets, a number of issues were identified across all PEPs, including:

1. In instances where OPG utilized extended maintenance intervals, insufficient information or explanation was provided to justify the extension;
2. The '*Previous Three Completed Dates*' and '*Next Verification Date*' fields often contained no data, and notations that read '*No Data*' and '*AS7 Date in Past*', as well as dates that were not in alignment with evidence provided by Management.
3. *Next Verification Date* was not being consistently calculated and lacked commentary explaining the basis for these entries, and at times the value, when present, exceeded governance intervals;
4. Documentation for the Maintenance / Testing requirements did not consistently align with the PRC-005-6 Table's *Component Attributes and Maintenance Activities* or OPG-STD-0099 *Appendix A*; and
5. There was a lack of maintenance interval entries for System Protection Components that were replaced during the audit period.

Potential Cause & Impact

Potential Cause:

Resource/time constraints due to competing priorities and work backlog, have resulted in incomplete and insufficient data within the regional PEP spreadsheets, which are currently performed manually.

Potential Impacts:

1. Differences in maintenance intervals may lead to a misinterpretation of the required maintenance activity and result in non-compliance; and
2. Lack of, and inconsistencies with, data within OPG's tools for tracking and managing PRC-005-6 maintenance activities, may impact OPG's ability to demonstrate compliance.

Recommendations

Management should:

1. Progress its ongoing efforts to transitioning the PEPs to an “online” version, and addressing implementation issues and data gaps associated with the validation of historical maintenance records.
2. Review the regional PEPs to ensure the information is being presented in a consistent manner and addresses the noted issues within the finding such as (but not limited to):
 - Aligning maintenance / testing requirements with PRC-005-6 or OPG governance, and justify extended maintenance intervals with rationale and supporting documentation;
 - Validating recorded dates (i.e. ‘Previous Three Completed Dates’, ‘Last Completed’ date, and ‘Next Verification date’ with AS9 maintenance records;
 - Ensure commentary is included to describe any known issues with the presented information in the PEP; and
 - Include maintenance interval entries for System Protection Components that were replaced.

Management Action Plan

Refer to management action plan in Finding 1 above, specifically item #2.

Action Owner:

- Bruce Robertson, Vice President, Regional Operations Eastern Region; and
- Shaun Hinds, Director, Plant Operations Southeast Operations

Target Completion Date: September 30, 2023

3. Insufficient evidence was provided to validate Reported Facility Ratings under FAC-008-5.

Moderate

ENG-INS-009 *Equipment Ratings Methodology* outlines OPG's methodology for determining facility ratings which is based on Design Manuals, Original Equipment Manufacturers ("OEM") manuals, design drawings, engineering calculations, and commissioning reports. RG's current set of facility ratings are documented in FRSs, which are the BU's repository for equipment rating data and includes logic to establish the R1 and R2 facility ratings.

In accordance with the NERC ERO Sampling Handbook, a statistical sample of eight generation units across the RG fleet of 153 in-scope units was selected, reviewing a set of 11 equipment rating data points associated with each of the eight sampled units. Based on a review and analysis of evidence files provided by RG and discussion with management, it was determined that documented evidence (such as name plate rating and manufacturer's rating specifications) could not be provided within the timeline of the audit engagement for each of the 88 requested data points to fully validate the sampled Reported Facility Ratings.

The audit team also noted a discrepancy in the FRS from our test sample for a generating unit at a sampled facility. Further investigation indicated the listed High Voltage ("HV") limiting factor was entered as a value instead of calculated as a formula. The listed HV limiting factor for two other sampled units (from two different facilities), while reported correctly, were also entered as values.

Potential Cause & Impact

Potential Causes:

- 1) Resource/time constraints due to competing priorities and work backlog, have resulted in some instances of insufficient audit-quality documented evidence to support Facility Ratings; and
- 2) According to management, manual override was necessary in entering a value in the FRS instead of utilizing a calculated formula as accurate values could not be obtained easily from establishing a formula.

Potential Impacts:

- 1) Failure to provide sufficient valid documented equipment ratings may impact OPG's ability to demonstrate compliance with FAC-008-5.
- 2) 'Hard-coding' HV limiting factors instead of utilizing formulas may result in incorrect values if changes occur.

Recommendations

Management should develop a risk-based and prioritized plan to address the gaps in records and evidence to support values reported in the FRSs.

Management Action Plan

Management will develop a comprehensive plan to address the potentially missing ratings evidence and its use, which will involve:

Action Owner: David Rogalski, Vice President Central Engineering

Target Completion Date: September 29, 2023

APPENDIX A – LISTING OF SAMPLED REGIONAL FACILITIES

The following facilities were sampled during this audit.

No.	Facility	Number of Units
1	Abitibi Canyon Generating Station	5
2	Atikokan Generating Station	1
3	Barrett Chute Generating Station	4
4	Decew Falls 2 Generating Station	2
5	Des Joachims Generating Station	8
6	Lennox Generating Station	4
7	Otter Rapids Generating Station	4
8	R.H. Saunders Generating Station	16
9	Sir Adam Beck 2 Generating Station	16
10	Whitedog Falls Generating Station	3

APPENDIX B – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX C – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

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Chief Enterprise Engineer & Chief Nuclear Engineer

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Senior Vice President, Renewable Generation

cc: Ken Hartwick	President & Chief Executive Officer
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Aida Cipolla	Chief Financial Officer & SVP Finance
Carlton Mathias	Chief Legal, ESG & Sustainability Officer
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Nicholas Pender	Vice President, Regional Operations Niagara Operations
Bruce Robertson	Vice President, Regional Operations Eastern Region
Saba Zadeh	Vice President, Regulatory Affairs
Adam Chiarandini	Director, Enterprise Risk Management
Brad Bacvar	Director, Asset & Project Management Northeast Region
Brian Dietrich	Director, Asset & Project Management Western Region
Scott Gagnon	Director, Asset & Project Management Southeast Operations
Shaun Hinds	Director, Plant Operations Southeast Operations
Kent Keeler	Director, Asset & Project Management Niagara Operations
Judy Tan	Director, Internal Audit
Vladislav Urukov	Director, Reliability Compliance
Anthony Ling	Senior Manager, Internal Audit
David Kwan	Senior Manager, Reliability Compliance
Jesse Rocca	Manager, Plant Technical Support
Ken Tom	Section Manager, Southeast Operations



Internal Audit

IT Project Delivery

July 12, 2023

Report Rating: **Requires Improvement**

1.0 BACKGROUND & OVERVIEW

IT project management controls are designed to mitigate risks associated with IT projects such as large-scale enterprise-wide system implementations. These controls are split across multiple areas such as Project Governance, Requirements, Risk Management, Organizational Change Management, and Performance Management, among others. Controls are designed to mitigate specific risks within each area.

OPG's IT Project Management Office is currently undergoing a review of project controls to improve alignment with the Enterprise Project Management Office as well as updating control considerations to include additional elements such as the Agile methodology¹.

Two key IT projects, implementations of MyTime and Asset Suite ("AS") 9 (to replace AS7), were delivered in August 2020 and July 2022, respectively. While proper oversight and go live approvals from all stakeholders were demonstrated on implementation, post-implementation usage identified that some business expectations were not met.

This was a risk-based audit identified in Internal Audit's ("IA") 2023 Audit Plan, selected given the significance of upcoming key IT projects to enable the achievement of OPG's strategic objectives and overall performance.

2.0 OBJECTIVE & SCOPE

The audit aimed to determine whether the program governance and project management methodologies used to deliver the two sampled projects were appropriate, as well as identify potential root causes of the unmet expectations of the business users. The scope included all activities conducted as part of the MyTime and AS9 projects, and also included certain related post-implementation activities.

3.0 CONCLUSION

Report Rating: **Requires Improvement**

Overall, IA noted that the processes and controls supporting the implementation of IT Projects require improvement. IT projects with a significant business process change were considered to be technology upgrades, leading to inconsistent business involvement and oversight. In addition, system performance and load balancing capabilities were not fully tested, and end users were not provided with adequate training to appropriately use the new systems on implementation.

¹ "Agile methodology" is defined as an approach to software development that uses iterative and incremental delivery of a working solution, with frequent customer feedback and adaptation.
[<https://www.pmi.org/learning/library/agile-project-management-pmbok-waterfall-7042>]

4.0 SUMMARY OF FINDINGS

No.	Finding Rating	Observation	Potential Impact	Management Action Plan
1	High	IT projects that required significant business process change were treated as technology upgrades, leading to inconsistent business stakeholder involvement. The AS9 Upgrade and the MyTime project were delivered as technology upgrades that were led by IT. These projects required significantly more business stakeholder involvement than reported in the lifecycle of the project. - The Projects did not have sufficient business representation in the executive steering committees. The AS9 project did not have sufficient finance and supply chain involvement throughout the project and the MyTime project did not involve sufficient HR stakeholders; - All business stakeholders were not involved in the AS9 requirements gathering process, even though this project led to several business process changes. User acceptance testing identified defects that were classified as missed requirements; and - Shared services stakeholders with detailed knowledge of the collective agreements used in the calculation of time accrued and employee payouts were not appropriately involved in the MyTime project.	The impacts of the insufficient involvement of business stakeholders included: - Challenges experienced during project build and test to include time reporting details from collective agreements in the MyTime implementation; - Defects identified during testing the new AS9 system that should be business requirements; and - Significant post go-live problems experienced, such as errors in procurement processing between AS9 and Ariba.	Projects go through an intake process. The project intake form and guidance for the intake process will be updated to reflect a decision point on whether a project would be led by business or IT. The following considerations will be taken: - Complexities of business processes involved; and - Number of business areas affected by the project Once a decision is made all project governance documentation will reflect the decision on a business-led versus an IT-led project. The Project Management Plan (PMP) template will be updated to reflect that the test strategy is acknowledged and reviewed by the business, and that the earliest possible time for business to test the solution is incorporated into the plan. Action Owner: Shallen Dam, Director, Customer Experience Target Completion Date: October 31, 2023

No.	Finding Rating	Observation	Potential Impact	Management Action Plan
2	Moderate	Insufficient testing of non-functional requirements such as system performance led to performance issues following implementation. The non-functional test strategies for both the AS9 and MyTime projects included performance and load balance tests as required elements. During the execution and test stages of these project, additional business requirements were identified which led to non-functional tests being deferred until after go-live. These tests were required to ensure that the systems being delivered had appropriate capacity to manage the required workload and users.	Insufficient testing of non-functional requirements led to performance and scalability issues, poor user experience and increased incidents and problems faced by the end users upon go-live.	The acceptance criteria for project go-live stated in the Project Management Plan (PMP) template and the Test Strategy guidance will be updated to reflect that non-functional testing is performed appropriately and timely. Action Owner: John Brewer, Senior Manager, CIO IT Projects Target Completion Date: December 29, 2023
3	Moderate	Training did not incorporate a hands-on understanding of the new system and focused on online learning. For the AS9 upgrade, there was no opportunity to perform hands on training by granting users' access to sandbox systems and to perform actual business scenarios during training. While completion of the self-learning modules and demos were tracked, the training team did not appropriately verify that personnel were job ready and had appropriate understanding of the system functionality to apply their knowledge in a real-world setting.	Insufficient training led to post go-live issues with the user adoption of the AS9 system. Users identified significant differences in the training material and system functionality leading to increased incidents related to system navigation upon go-live.	The Project Management Plan (PMP) template will be updated to reflect that the training strategy and plan will consider the appropriate training vehicle for the change such as hands on training. Action Owner: John Brewer, Senior Manager, CIO IT Projects Target Completion Date: December 29, 2023

APPENDIX A – FINDING RATING CRITERIA

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

	Number of Findings			
Finding Risk Rating	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

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	Jesse Migliaro	Director, IT Projects
	Judy Tan	Director, Internal Audit
	John Brewer	Senior Manager, IT Projects
	Aleem Juma	Senior Manager Internal Audit

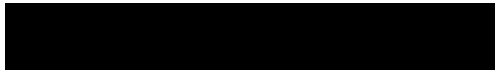


Internal Audit

Cyber Security Operations Centre

February 22, 2024

Report Rating:



1. BACKGROUND & OVERVIEW

In response to the heightened risk of cyber breaches to the organization, OPG Digital Technology & Services ("DT&S") Cyber Security team developed a cyber security road map to strengthen the company's cyber defences. A key part of the road map included enhancing OPG's detection, response, and recovery capabilities across the organization.



The establishment of the CSOC also supports regulatory compliance requirements including Canadian Standards Association ("CSA") N290.7-21 and North American Electric Reliability Corporation ("NERC") Critical Infrastructure Protection ("CIP") standards 005 and 007.

This was a risk-based engagement identified in Internal Audit's ("IA's") Audit Plan, selected given the enterprise-level risks related to cyber security.

2. OBJECTIVE & SCOPE

The objective of this audit was to evaluate the design and operating effectiveness of the processes and controls established in monitoring coverage, detection methodologies, response planning and escalation mechanisms, and incident reporting capabilities.

In addition to the audit, an independent benchmarking analysis of the design of OPG's CSOC against peers based on industry CSOC best practices was also performed. This analysis specifically reviewed the CSOC architecture, noting external connection, firewalls, security tools, critical assets and data types handled. The benchmarking assessment was based on best practices and standards as documented in National Institute of Standards and Technology (NIST) 800-53, Center for Internet Security (CIS) Controls v8, and NIST CSF v1.1 Frameworks.

The audit scope included activities from April 1, 2023 to October 31, 2023, and relevant precursor activities from prior periods where appropriate.

3. CONCLUSION

Report Rating: [REDACTED]

Overall, the design and operating effectiveness of the processes and controls established in monitoring coverage, detection methodologies, response planning and escalation mechanisms, and incident reporting capabilities [REDACTED]. Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1					
2					
3	Some periodic operational reports were not received as required.				
Total					

4. SUMMARY OF POSITIVE OBSERVATIONS

- High quality documentation and flow diagrams are maintained by the CSOC for the management and communication of cybersecurity incidents. For example, the monthly operations report includes data on case priority, case resolution code, false positive rate, duplicate rate, and response times. It also includes threat and use case information. Each of these categories of information is presented using several charts and/or graphs to demonstrate trends for the month.
- Good industry practices were observed in documenting the threat environment and the ways to mitigate/respond to changes in the threat landscape, including a Threat Catalogue and Standard Operating Procedures that include a review process and alert rule optimization.
- In conjunction with the Threat Catalogue, the inclusion of a threat intelligence brief provides an in-depth analysis of threats, recommendations, and relevant indicators of compromise, improving Management's ability to effectively manage and evaluate possible cybersecurity incidents.
- A well-structured communications path and various communication tools, such as [REDACTED] [REDACTED] have been established, ensuring that relevant stakeholders are kept informed during an evolving cyber security incident which aids in the identification and remediation of cybersecurity incidents.

¹ Please refer to Appendix A for risk rating definitions

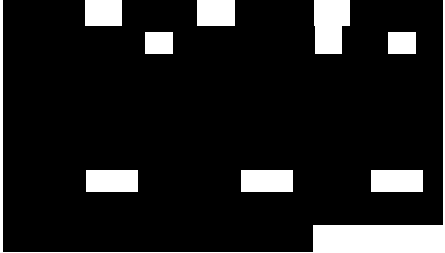
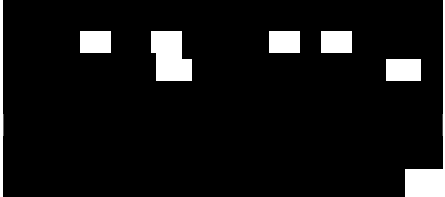
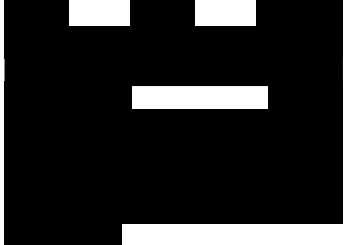
5. SUMMARY OF FINDINGS

1. [REDACTED]		
Observation	Potential Impact	Management Action Plans
Schedule C of the CSOC contractual arrangement includes a number of operational performance metrics, [REDACTED] [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]		[REDACTED]

2. [REDACTED]		
Observation	Potential Impact	Management Action Plans
Schedule D of the contractual arrangement requires that [REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]		
[REDACTED]		

3. Some required periodic reports were not received from [REDACTED]		
Observation	Potential Impact	Management Action Plans
Per Schedule C, section [REDACTED] of the contractual arrangement, [REDACTED] is required to provide a Quarterly Operational Report within the first [REDACTED] business days of each quarter for the preceding quarter and a Monthly Operational Report within the first [REDACTED] business days of the following month, unless it is being provided in conjunction with the Quarterly Report. The Operational Reports include information such as service level performance and credits, spend under contract, operational issues, service personnel and logs for any open issues to be followed up on from the previous reporting period. During the audit, it was noted that only [REDACTED] monthly reports had been provided to OPG during the audit scope period. Additionally, each of these reports were submitted after the required [REDACTED] business days per the contract [REDACTED] business days respectively).	[REDACTED]	[REDACTED] [REDACTED]

Advisory Recommendations – OPG Cyber Security

No.	Observation	Potential Impact	Recommendation
1	A robust training plan helps to ensure that people supporting cyber incident detection and response are fully trained and up to date with processes, technologies, and methods. Training plans should define which courses are mandatory and should include the required frequency. All training should be tracked and monitored. While a training plan is in place, the frequency of the required training was not defined, did not identify which courses were mandatory or how the training was being tracked and monitored. References: NIST 800-53 AT-2, AT-3, AT-6 CIS Controls v8 Control 14 NIST CSF v1.1 ID.SC, PR.AT		
2	Up to date Cyber Security Operational Diagrams that are representative of the current live environment enable better visibility for the monitoring of network activities. Infrastructure diagrams play a crucial role in understanding and visualizing the organization's network architecture, systems, and interconnections, enabling better identification of dependencies, impact assessment of changes, and investigation of disruptions to specific components on the overall system. While a conceptual, generic plan was available, a detailed plan demonstrating the current live OPG environment was not available. This kind of documentation may include specific server details, ingress and egress points, connections, log file transfer mechanisms, etc. References: SP 800-53 Revision 5 PM7, RA9, SA15, SA17 NIST CSF v1.1 PR.AC CIS Controls v8 Control 12.4		
3	Since the cyber security environment is highly dynamic and evolving rapidly, it is crucial to define minimum expectations for the cyber security skills required in the CSOC team for effective threat detection, response, and mitigation.  References: CIS Controls v8 Control 14.9		

No.	Observation	Potential Impact	Recommendation
4	A CSOC and the supporting technology is made up of several components and tools. Each of these is enhanced by their respective vendors over time and the interaction between them changes. A periodic review of components and tools should be performed so that these updates and changes to interaction are planned for and proactively managed for continued effective operations. This review will also enable improvements to be identified and enhance the ability to detect and respond to cyber security incidents. [REDACTED] References: SP 800-53 Revision 5 AU-5, AU-6 CM-9 CIS Controls v8 Control IR-7, MA-2, MA-3 NIST CSF v1.1 RS.AN-1, DE.AE, DE.CM	[REDACTED]	[REDACTED]

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision-making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

	Number of Findings			
Finding Risk Rating	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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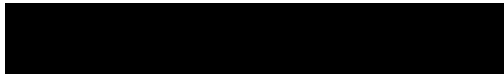


Internal Audit

Recruitment & Onboarding

July 14, 2023

Report Rating:



1.0 BACKGROUND & OVERVIEW

OPG is a labour-intensive organization, with over 10,000 employees on average during the year ended December 31, 2022¹. In 2022, OPG completed over 3,500 hires across all programs, and along with its vendor partners, onboarded over 7,100 employees (including contractors). As OPG moves towards energy transition, net zero goals and new growth opportunities, recruiting and onboarding new talent in an efficient and effective manner will be critical to the success of the organization. The Recruitment & Onboarding ("R&O") group within the Human Resources department is responsible for centrally coordinating the process and engaging stakeholders including hiring managers, external recruiting agencies and other lines of business as appropriate.

Employment is contingent on obtaining a successful security clearance, processed and approved by OPG's Emergency Services & Training group, and can involve input from external parties [REDACTED]. The level of clearance required is determined based on the location of the job and level of physical and informational access required. 12,000 clearances were processed in 2022, including those related to new employees, contractors, and repeat onboarding for short-term hires.

The process of obtaining the required access, tools and technology for successful candidates is largely decentralized. In addition to the recruiting business unit, the process includes:

- Plant Access Training – Facilitation of computer-based training, and basic radiation protection (Orange Badge) training where necessary;
- Chief Information Office ("CIO") IT Services – Fulfillment of IT hardware and software set-up, issuance and access requests;
- Shared Services – Issuance of position numbers and employee numbers and set up of candidate in OPG's HR data repository (SAP); and
- Radiation Data – Verification of employee personal information and processing of thermoluminescent dosimeter ("TLD") paperwork.

During the audit scope period, Management had commenced the development and implementation of various initiatives aimed at enhancing the efficiency and effectiveness of the recruitment and onboarding process. These initiatives included reporting to the Operations Leadership Team ("OLT") on hiring volumes relative to the enterprise staffing strategy, the development of an operational dashboard, and initiating the replacement of the SharePoint-based Onboarding Tool.

This was a risk-based audit identified in Internal Audit's (IA) 2023 Audit Plan, selected given the significance of recruitment and onboarding activities in light of labour market challenges and planned growth initiatives to the achievement of OPG's strategic objectives and overall performance.

2.0 OBJECTIVE & SCOPE

The objective of this audit was to assess the design and operating effectiveness of relevant processes and controls in place surrounding recruitment and onboarding of employees, covering the period from January 1, 2022 to February 28, 2023, and precursor activities from periods where appropriate.

¹ Not including employees at OPG subsidiaries, which were outside the scope of this audit.

3.0 CONCLUSION

Report Rating: [REDACTED]

Overall, IA noted that the processes and controls established to manage the recruitment and onboarding process [REDACTED]. Improvements can be made in relation to the consistent use of tools, oversight of operational performance, limitations in tools supporting security clearance, and rework in onboarding. Other observations included outdated governance, maintenance of documentation to support hiring decisions, security clearance processing methodology, and documentation of risks and associated mitigation plans.

4.0 SUMMARY OF POSITIVE OBSERVATIONS

- Management has demonstrated progress in developing Key Performance Indicator (“KPI”) targets that are informed by OPG’s business and competitors, and indicated that they have completed benchmarking activities in April 2023. Using the results of these benchmarking activities should help guide the future oversight model of the R&O process.
- Management has demonstrated a commitment to improving and streamlining the end-to-end recruitment process as evidenced through the creation of a working team focused on achieving better integration between all stakeholders and reducing time to fill.

- [REDACTED]

5.0 SUMMARY OF FINDINGS

No.	Finding Rating	Observation	Potential Impacts	Management Action Plan
1	Moderate	Inadequate data entry and data validation controls led to challenges with operational oversight and performance monitoring. MyPower and the Onboarding Centre ("OBC") tool are used to facilitate the R&O process and to provide data for operational reporting purposes. Both tools are intended to facilitate timely management, tracking and sequencing of R&O activities to enable an efficient onboarding for applicants and successful candidates. It was noted that MyPower and the OBC tool were not used consistently, resulting in incomplete, untimely, or inaccurate data that limited the ability to manage recruitment and onboarding activities and report accurately and effectively. Some issues identified include: - Certain standard labels are used to indicate the movement of candidates through the R&O process, and are also used for reporting purposes. Several instances were noted where non-standard labels had been applied, impacting the calculation of counts of individuals at various points of the process and the time spent on the components of the process. - There was incomplete and insufficient data to indicate the movement of candidates through the R&O process. Of 8,502 individuals listed in the OBC tool, 6,447 (76%) did not have job requisition IDs used to uniquely identify requisitions in the recruitment and onboarding systems which impacts the ability to accurately calculate time to fill; and - Delays in data entry and human error resulted in dates that were not always accurately reflected in the system leading to ambiguity on the actual handover date. In addition, milestone dates in the recruitment and onboarding process, which are needed to enable process oversight were not identified in Excel-based trackers used for augmented and contingent staff.	- Progression of candidates through the R&O process may be delayed as a result of inaccurate, missing, or untimely data; - Root causes for processing delays may not be identified and resolved due to unreliable data or delays in data entry; - Initiatives to improve processing times may not be effectively evaluated if baseline metrics rely on inaccurate and incomplete data; and - Operational metrics are calculated and reported using inaccurate and incomplete data.	Develop a change management plan to increase the likelihood of successful adoption of "Onboard" that will replace the OBC tool. The change management plan should identify and define activities that have been completed such as preliminary stakeholder meetings to define desired end-state activities that are in progress such as development of the tool and future planned activities such as user acceptance testing. Action Owner: Mia Kara, Senior Manager, Recruitment & Onboarding Target Completion Date: August 31, 2023 Develop an integrated implementation plan to support Employee Central, Service Now and HR Evolution that outlines the activities, milestones and deadlines for implementing the technology changes. Action Owner: Mia Kara, Senior Manager, Recruitment & Onboarding Target Completion Date: March 15, 2024 Implement updated user guides / procedures on the consistent use of MyPower and Onboard for all stakeholders for applicant tracking to support efficient processing, data integrity and R&O measurements and dashboards. Include a sustainment plan with regular review frequency and monitoring of data integrity. Action Owner: Mia Kara, Senior Manager, Recruitment & Onboarding Target Completion Date: September 15, 2023 Create Onboard reporting and data extraction for management oversight of the process and integrate into R&O Dashboard. Action Owner: Mia Kara, Senior Manager, Recruitment & Onboarding Target Completion Date: February 28, 2024 Update the onboarding process to transition the Security Clearance verification activity from Recruitment & Onboarding to Security to improve accuracy of verifications and reduce rejections and overprocessing. Action Owner: Dawn Card, Senior Manager, Recruitment & Onboarding Target Completion Date: Completed

No.	Finding Rating	Observation	Potential Impacts	Management Action Plan
2	Moderate	KPIs to measure and guide the R&O and security clearance process were incomplete and lacked targets. There have been developments during the audit scope period towards a formal reporting process to enable enhanced oversight in the R&O process; as at the date of the audit report, the formal reporting protocol for oversight had not been defined. Instead, some KPIs have been reported through various mechanisms: • Until Q3 2022, there was an absence of reporting on R&O operational performance; • In August 2022, a R&O strategy was published that outlined strategic objectives and associated measures. However, while specific measures were identified, specific targets were not included; • Beginning September 2022, a monthly Functional Area Summary (“FAS”) report was produced for internal oversight. This report included some metrics identified in the R&O strategy and provided updates on work programs in progress. While some of the metrics outlined in the R&O strategy were included, various other metrics were not. In addition, targets for the metrics were not communicated.	• Management may be unable to evaluate performance of R&O activities accurately and objectively, and determine whether the process is meeting the desired standards and objectives; • Management may not be able to identify and plan for trends in the R&O process (e.g., increasing or decreasing cycle time) on a timely basis; • Management may not be able to identify areas where resources should be allocated to maximize efficiency and effectiveness within the R&O process; and • Management may not easily assess the impact of intended process improvements and initiatives, and may miss other opportunities for improvement.	Create Recruitment and Onboarding reporting structure and sustainment model that includes defined roles and responsibilities with respect to calculation, collation, reporting, review, decision-making, frequency of reporting and approval of KPI-driven oversight. Action Owner: Roberta Reyns, Director, Recruitment and Onboarding Target Completion Date: January 30, 2024 Complete Phase 2 enhancements of the R&O Dashboards that include KPIs aligned to components of the R&O strategy, which will provide more detailed operational reporting for R&O managers and workers, Staffing Plan Owners, and leadership oversight. Action Owner: Roberta Reyns, Director, Recruitment and Onboarding Target Completion Date: January 30, 2024

No.	Finding Rating	Observation	Potential Impacts	Management Action Plan
3	Moderate	Systems supporting the security clearance process are unable to generate processing timeline information. [REDACTED] [REDACTED]	• Data to inform process operation oversight, management decisions, and improvement initiatives, including taking corrective action for deviations from expected timelines, is not available; • Potential delays on candidate start dates and downstream delays in the onboarding process; and • Potential loss of candidates due to delays in security clearance.	[REDACTED] Develop a change management plan to increase the likelihood of successful adoption of the new security clearance management system. Action Owner: Robyn Way, Senior Manager Contracts & Stakeholder Relations Target Completion Date: October 15, 2023 [REDACTED]

No.	Finding Rating	Observation	Potential Impacts	Management Action Plan
4	Moderate	Re-work and some delays in the onboarding process occurred due to a high rejection rate of dosimeter request forms needed for access to OPG sites with the potential for radiation exposure. Onboarding Coordinators are responsible for receiving dosimeter request forms for contractors, then passing them to the Health Physics Radiation Data Unit ("RDU") for processing. Of the 5,565 forms submitted between January 1, 2022 and February 28, 2023, 18% were rejected as they had not been completed correctly (e.g., approver dates preceding applicant signature dates).	• Rejections and repeat submissions resulted in re-work for Radiation Data and Onboarding team members; • Extended time between TLD form submission and TLD allocation may result in delays in employees executing their job responsibilities; and • Inefficient use of time for constrained resources in Onboarding and RAD Data groups.	Create digital RAD data forms (N-FORM-10019, N-FORM-82452, N-FORM-10692) to minimize errors and enhance accuracy and complete initiative to automate the request approval workflow. Action Owner: Ephraim Schwartz, Manager, Health Physics Target Completion Date: January 30, 2024

No.	Finding Rating	Observation	Potential Impacts	Management Action Plan
5	Low	The People and Culture (P&C) Management System documentation requires updates to enable sufficient oversight and operational monitoring. The <i>P&C Management System</i> (OPG-PROG-0040), which includes references to recruitment activities, defines how the business unit supports achievement of organizational objectives and demonstrates continuous improvement in business operations. While the governance document includes details on some oversight activities, it has not been updated since 2017 to reflect significant changes in the department and the wider organization including the following: • The document follows an outdated organizational structure resulting in the exclusion of certain components of the current HR organization. While the Talent & Business Change organization (previously responsible for Recruitment activities) is included, there is no consideration of the onboarding component of R&O's function; • The monitoring activities identified for the Talent & Business Change organization did not reflect any of the actions being undertaken by Management such as the development and monitoring of the R&O dashboard, nor presentations to leadership teams. Instead, the activities identified were limited to operational and non-compliance audits. Further, the inclusion of Internal Audit as the sole monitoring function for the organization does not appropriately reflect Internal Audit's role as a third line of defense in OPG's system of internal control. • There was limited discussion of the processes in place to improve on Talent & Business Change's program. The actions described were limited to reactions to audits and feedback from clients. There was no identification of the various improvement initiatives that R&O has underway.	Errors in governance may lead to a lack of understanding of how R&O oversight is conducted and how operations and performance are measured.	Complete the update of the management system governance documents to bring governance in line with current processes. The responsibilities of respective groups for onboarding activities should be defined in the updated governance. Action Owner: Sarah McDermott, Director, HR Strategy Target Completion Date: October 30, 2023

No.	Finding Rating	Observation	Potential Impacts	Management Action Plan
6	Low	Documentation to support hiring decisions was not consistently maintained. The Vacancy Retention Checklist indicates that hiring managers are responsible for retaining certain hiring documents, including completed "Interview Guide" forms and the candidate assessment summary and selection matrix, whilst HR is responsible for maintaining signed offer letters. It was noted that due in part to decentralization of parts of the recruitment process, some supporting documentation could not be located on request, including two signed offer letters.	Potential challenges in validating recruitment decisions or contractual agreements when required.	Review the documentation requirements within the recruitment process, and determine whether their retention is essential and update guidance to reflect any items removed. For those that are required, supporting information will be retained in software or tools that support the recruitment and onboarding process rather than in a separate site. Action Owner: Mia Kara, Senior Manager, Recruitment & Onboarding Target Completion Date: November 30, 2023
7	Low			

No.	Finding Rating	Observation	Potential Impacts	Management Action Plan
8	Low	Risks in the R&O process were not documented, identified, tracked, and monitored. Section 2.0 of <i>Enterprise Risk Management Reporting</i> (OPG-PROC-0094) requires all Business Units to identify, assess, treat, monitor, and report risks that may affect the achievement of objectives in OPG's Strategic Plan and annual business plan. Documentation of business unit risks also supports the organization by providing context to activities that are being completed, particularly when there is employee turnover in the department. While many of the risks specific to the R&O process were being actively mitigated, no documentation existed to clearly define the risks and associated mitigating activities. In addition, while enterprise risks are documented, tracked, and monitored through the central Enterprise Risk platform, Resolver, action owners for risk treatment plans associated with the Enterprise "Talent Attraction" risk were not included in Resolver, but were instead documented in a separate tracker maintained by HR.	• Risk-mitigating activities may be modified or removed, resulting in an adverse change to the overall risk profile; • Risk tracking metrics and indicators may not be defined and monitored; and • Groups or individuals who are impacted by Talent Attraction risk may not be aware of the status of risk treatment actions in place.	R&O Innovation team will perform a review of the end-to-end R&O process and in collaboration with R&O Management develop a risk register specific to R&O ensuring that it identifies risk owners, risk level, likelihood, risk treatment plans, and action owners. The frequency of review of the risks will also be defined. Action Owner: Mia Kara, Senior Manager, Recruitment and Onboarding Target Completion Date: May 30, 2024 Risk-related information, such as target completion dates and action owners, will be retained in Resolver. Action Owner: Mia Kara, Senior Manager, Recruitment & Onboarding Target Completion Date: May 30, 2024

APPENDIX A – FINDING RATING CRITERIA

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

	Number of Findings			
Finding Risk Rating	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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David Dickey	Director, Emergency Management & Fire Protection
Sarah McDermott	Director, Human Resources Strategy
Roberta Reynolds	Director, Recruitment & Onboarding
Judy Tan	Director, Internal Audit
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Aleem Juma	Senior Manager, Internal Audit
Mia Kara	Senior Manager, Recruitment & Onboarding
Robyn Way	Senior Manager, Contracts & Stakeholder Relations
Ephraim Schwartz	Manager, Health Physics
Shannon Yee	Manager, Internal Audit



Internal Audit

Nuclear Work Order Materials Management

November 2, 2023

Report Rating: **Not Effective**

1. BACKGROUND & OVERVIEW

Maintenance programs across OPG require the efficient use of materials to ensure work activities are executed in a cost-effective, timely manner with quality. Materials for associated work orders (“WOs”) are procured by Supply Chain, received at a warehouse, then prepared for collection by work groups. Uncollected materials are returned to inventory when WO’s are completed, cancelled, or deferred. The costs associated with the packaging, transportation, and staging¹ of materials that are not consumed for WO’s result in both overhead expenses and labour expenditure.

Since 2018, data indicates that there has been an upward trend in inventory levels at warehouse locations related to Nuclear Maintenance Programs. Management indicated that a potential driver behind this increase was the observation that certain materials requested for maintenance tasks were not being promptly collected or acted upon by the requisitioning group. Supply Chain Management had been monitoring this issue using the *Materials Requested Not Issued* (“MRNI”) metric, which was reported in their Tier 1 Scorecard.

Collectively, MRNI and Returns (i.e., materials picked by work groups but eventually returned unused to the warehouse, available for future scheduled maintenance activities) were estimated to represent approximately 55% of total materials inventory issued and staged, with MRNI accounting for 40% and Returns for 15%. Management estimated that MRNI, Returns, and associated labour costs could amount to approximately \$85 million by the end of 2023.

This was a risk-based audit identified in Internal Audit’s (“IA”) 2023 Audit Plan, selected due to the importance of the materials management process to OPG’s Nuclear Maintenance Programs.

2. OBJECTIVE & SCOPE

The objective of this audit was to assess whether the processes and controls related to materials management are designed and operating effectively to reduce the risk of MRNI and the impact on resources in material movements.

The audit scope included activities from January 1, 2022, to June 30, 2023.

¹ Staging is the activity of consolidating material request items from work packages and work groups and placing materials in a holding area prior to delivery or issue to Work Groups.

3. CONCLUSION

Report Rating: **Not Effective**

Overall, the processes and controls established for work order materials management were found to be not effective. Processes had not been established to assess ordering practices resulting in inventory accumulation, and the causes and composition of MRNI and returns had not been identified to enable targeted corrective actions to be taken. In addition, governance and process documents lacked guidance and timelines for action on staged materials, and while Supply Chain continues to develop KPIs to strengthen the materials management program, delivery fulfillment metrics were not being reported on during the audit scope period.

4. SUMMARY OF POSITIVE OBSERVATIONS

- Management has demonstrated a commitment to improve and streamline the end-to-end supply chain process as evidenced through the “Supply Chain Planning and Warehouse Management Assessment” project, a collaboration with Microsoft that assessed existing supply chain processes and systems for improvement opportunities.
- Management has proactively identified opportunities to cancel demand and avoid unnecessary procurement, amounting to \$18 million year-to-date in 2023. By reducing the Reorder Point (“ROP”) and Target Maximum Quantity (“TMAX”) levels, an estimated additional \$25 million in procurement has been avoided year-to-date in 2023, along with avoided amounts of \$44.2 million in 2022.
- Management has added the Net Inventory Balance (NIB) metric to the station’s Top 50 KPIs, which has allowed for greater visibility into actual inventory levels.

5. SUMMARY OF FINDINGS

1. Lessons learned, performed at the end of each outage or online work, do not review materials ordered versus used.			High
Observation	Potential Impact	Management Action Plans	
N-PROC-MA-0013, <i>Planned Outage Management</i> specifies requirements for activities associated with preparation and execution of planned nuclear unit outages. N-PROC-MA-0022, <i>Integrated On-line Work Schedule</i>, defines the process and milestones for performing non-outage maintenance work. Both governance documents provide instructions for conducting post-outage/post-maintenance activities and capturing lessons learned, including specific requirements for lessons learned meetings. However, those requirements did not include reviewing estimated materials required against materials used to refine the assessing process, given costs related to materials procured but not used are retained in central inventory as opposed to being a cost of the work activities conducted. This has led to an aggregation of inventory across both Pickering and Darlington, in excess of inventory issued for both stations.	Work orders may use material requisitions that are greater than the actual material required, leading to over-ordering and unnecessary storage and handling costs incurred at an enterprise level.	Management will: Update relevant governance procedures to incorporate a review comparing materials requisitioned with materials consumed. This may include N-PROC-MA-0013, N-PROC-MA-0022, and templates used for lessons learned reviews, ensuring the retention of this requirement for an extended duration and that the outcomes will encompass the implementation of corrective actions. Action Owner: Shiva Habibi, Director, CFAM Maintenance Target Completion Date: April 30, 2024 Update NK38-MAN-09701-10005 to include the requirement to review whether materials ordered were appropriate. Action Owner: Ebraheem Waraich, Project Director, Nuclear Refurbishment Target Completion Date: January 31, 2024 Provide senior station oversight of MRNI reduction initiatives through the Senior Work Management monthly meetings. Action Owners: Nahil Rahman, Director Work Management (Pickering) / Shayn Ballagh, Vice President, Site Support (Darlington) Target Completion Date: January 31, 2024 Provide data on materials requisitioned and not consumed to work groups for evaluation. Action Owner: Alison Bradley, Director, Supply Chain Strategy & Supplier Relationship Management Target Completion Date: December 8, 2023	

2. Causes and composition of MRNI and Returns have not been identified.			High
Observation	Potential Impact	Management Action Plans	
The Supply Chain, Work Control and Work Management teams had been working together to analyze the root causes of MRNI and returns including origins and composition; however, that work has not yet been completed. The following limitations have added to the challenges in performing the analysis: - The current system does not have the functionality to prompt users to provide a rationale for not picking up or returning items, preventing subsequent tracking and monitoring; and - In order to assess the status of an order, and to enable Supply Chain staff to communicate with work groups, inventory must be traced back to the originating requisition. Following the Asset Suite 9 ("AS9") upgrade in July 2022, the system no longer linked inventory items to the original requisition. At the time of the audit, Management was actively collaborating with the AS9 IT team to resolve the system issue. During the audit, a temporary solution was developed, linking approximately 90% of items received back to originating MRs, before addressing the permanent linkage in AS9 at the conclusion of the audit.	Failure to promptly collect materials may result in storage space within warehouse staging areas being utilized, leading to limited storage availability and unnecessary effort in handling. System limitations may hinder Management's ability to identify and address root causes for returns and MRNI, thereby impeding the implementation of remediation actions. Without a link between inventory and the order MR, Management may not be able to trace the originator of parts received at warehouse locations, leading to an inability to fully analyze MRNI.	To date, Management has completed a partial analysis of the origins of MRNI and returns, identifying over-ordering by plant operations as one of the main sources. Management will develop an ongoing monitoring process to further assess and mitigate MRNI and returns. Action Owner: Teri Lilley, Director, Supply Chain Plant Operations Target Completion Date: March 31, 2024 Management will update supporting systems so that selected material requisition actions that are associated with MRNI and returns, require the user to indicate a reason for the action. Action Owner: Alison Bradley, Director, Supply Chain Strategy & Supplier Relationship Management Target Completion Date: March 31, 2024 Management has restored the permanent linkage between inventory and the originating MR within AS9. Action Owner: Alison Bradley, Director, Supply Chain Strategy & Supplier Relationship Management Target Completion Date: Completed	

3. Governance and process documents lack clear instructions and timelines for action on staged materials.			Moderate						
Observation	Potential Impact	Management Action Plans							
N-PROC-MM-0042, <i>Nuclear Warehousing Core Duties</i> and N-GUID-08173-1008, <i>Nuclear Warehousing Core Duties Guideline</i> outline the processes for material picks, staging, issuing, and returns. Items are staged according to a “need date”, which is specified when materials are ordered. In reviewing the governance documents, it was noted that procedures for the following processes were not included: - Collection or cancellation procedures or timelines for staged materials; and - Returning uncollected staged items back to the warehouse, including how often staged items should be reviewed, and the factors used for determining items to be unstaged. A review of staged inventory as of September 8, 2023 identified: - Inventory with a need date prior to June 30, 2023, which had not yet been collected; and - Inventory with a need date later than 2028 Staged Inventory at Pickering & Darlington <table><tr><td>MR need date prior to 06/30/2023</td><td>\$4.1M</td></tr><tr><td>MR need date from 2028 to 2030</td><td>\$2.9M</td></tr><tr><td>MR need date from 07/01/2023 to 12/31/2027</td><td>\$9.9M</td></tr></table> It was also noted that both stations had inventory that had been staged for over five years, some up to 20 years, totaling \$2 million (12%). In addition, items in the staging area were not included in inventory cycle counts, leading to issues in inventory control. The staging area has not been included in inventory cycle counts, as it is considered as a transitory area where materials should be turned over in a short period of time. At least one Station Condition Record (“SCR”) had indicated that items had gone missing from staging areas.	MR need date prior to 06/30/2023	\$4.1M	MR need date from 2028 to 2030	\$2.9M	MR need date from 07/01/2023 to 12/31/2027	\$9.9M	The lack of documented guidance for managing staged items may result in: - Holding items in staging for excessive periods of time, leading to increased storage and handling costs; - Inconsistent processes for managing inventory between locations; and - Inconsistent reporting of MRNI between locations, leading to ineffective decision making. An inability to identify missing inventory may result in overstatement of inventory and delayed work.	Management will conduct a review of the existing governance documents, including N-PROC-MM-0042 and N-GUID-08173-1008, and update these documents to include guidance for the management of staged inventory. Action Owner Teri Lilley, Director, Supply Chain Plant Operations Target Completion Date: January 31, 2024	
MR need date prior to 06/30/2023	\$4.1M								
MR need date from 2028 to 2030	\$2.9M								
MR need date from 07/01/2023 to 12/31/2027	\$9.9M								

4. “On Time Delivery” is not being tracked and monitored.			Moderate
Observation	Potential Impact	Management Action Plans	
“On-time delivery” measures Supply Chain’s delivery of orders within a specific timeline that incorporates vendor lead time and Supply Chain processing time. This metric had been monitored as a KPI by Supply Chain management prior to the beginning of 2022, but was discontinued due to the metric being skewed by unrealistic need dates being requested by work groups.	Material delivery timelines may slip due to the failure to monitor against Supply Chain’s commitment to the business, leading to work delays, and inability to identify bottlenecks in the material supply chain. Station personnel may overorder material, due to real or perceived delays in obtaining items needed for maintenance and outage performance, combined with a very high outage time cost, leading to higher risk of excess inventory, and higher cost of storage and handling.	Management will establish “On-Time Delivery” as a KPI to track and monitor. This will involve designing a method to account for the impacts that have historically skewed the metric (e.g., unrealistic need dates from work groups), and incorporate tracking of vendor lead times to differentiate between different sources contributing to overall lead time. Action Owner: Alison Bradley, Director, Supply Chain Strategy & Supplier Relationship Management Target Completion Date: March 31, 2024	

5. Key Performance Indicators related to MRNI and Returns reported in the Supply Chain Scorecard were inadvertently miscalculated.				Low
Observation		Potential Impact	Management Action Plans	
MRNI and effort wasted in managing staged items were reported to Supply Chain Senior Management through monthly Supply Chain scorecards. MRNI is calculated by dividing the total number of lines of Staged Returns by the total number of lines of Material staged. The wasted effort is determined by multiplying the number of lines of staged returns by an estimate of time required to unstage, transport and place material in the warehouse. A sample of reporting for two months indicated that the values for MRNI% and wasted effort did not match the values reported, due to the use of incorrect filters when extracting the data for populating the scorecards. This resulted in MRNI being overstated, and wasted effort being understated, as noted in the table below.		Discrepancies in reported KPIs may impede management's ability to make informed decisions on taking corrective actions where required.	Management has rectified the error in the report and briefed staff on the issue for awareness. Action Owner: Alison Bradley, Director, Supply Chain Strategy & Supplier Relationship Management Target Completion Date: Completed Management will create a Station Condition Record ("SCR") to document the context and remediation activity performed. Action Owner: Alison Bradley, Director, Supply Chain Strategy & Supplier Relationship Management Target Completion Date: December 31, 2023	
Metric	Month	Reported	Recalculated	
MRNI (%)	February	56.2	32.4	
	June	41.2	36.7	
Wasted Effort	February	\$356,000	\$702,000	
	June	\$1.3 million	\$1.6 million	

6. Risks with respect to MRNI and Returns are not documented, identified, tracked and monitored.			Low
Observation	Potential Impact	Management Action Plans	
Section 1.1.3 of <i>Nuclear Risk Management</i> (OPG-PROC-AS-0086) requires that any risk that has the potential to impact a BU objective outside established tolerance should be identified in that Business Unit's ("BU's") risk register. Risks should be identified in a risk register even when the probability or impact is unknown, the treatment plan is not yet formulated, or the risk owner is unclear. Once documented and identified, the risks can be monitored, and risk treatment plans can be developed. While some of the risks related to inventory were being actively tracked and mitigated in the Supply Chain BU risk register (e.g., the risk of stranded inventory at Pickering), risks related to MRNI and returns were not identified in the BU risk register and there was no formal documentation to clearly demonstrate that the risks are being identified, tracked, monitored and addressed through mitigating activities to acceptable risk tolerances.	Operational risks related to MRNI may materialize without a formal strategy to mitigate, avoid, transfer, or accept them, due to the risk not being formally documented, leading to work delays, financial loss, and reduced ability to make effective management decisions.	Management will update the existing "stranded inventory" risk to reflect the impact on the risk from MRNI and returns, and document mitigating activity, related to MRNI and returns, in the remediation plan for that risk. Action Owner: Jennifer Lafferty, Director, Purchasing Target Completion Date: December 31, 2023	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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Judy Tan	Director, Internal Audit
Ebraheem Waraich	Project Director, Nuclear Refurbishment
James Willson	Manager, Plant Maintenance, Darlington
Aleem Juma	Senior Manager, Internal Audit
Greta Deda	Manager, Internal Audit



Internal Audit

Asset Management and Maintenance Strategy

July 26, 2023

Report Rating: **Requires Improvement**

1.0 BACKGROUND & OVERVIEW

Ontario Power Generation Inc. (“OPG”) operates and maintains a diverse fleet of generating facilities and the associated infrastructure across the province of Ontario. Historically, OPG’s Renewable Generation (“RG”) and Nuclear lines of business had separate Asset Management programs that covered aging management, equipment reliability, investment planning, and work maintenance. While continuing the path to asset management excellence, OPG has adopted life cycle asset management as the approach to managing assets, in line with the foundation and principles of the International Organization for Standardization’s (“ISO”) 55000 series of standards for Asset Management. As a result, in March 2023, OPG established the Strategic Asset Management Program (“SAMP”) as an enterprise-wide program across all business units. The SAMP utilizes a systematic approach to manage asset investments, both individually and in portfolios, with a view to optimize cost and performance and realize the maximum amount of asset value within given constraints.

A key element of the SAMP is the maintenance strategy – which includes established engineering programs, condition monitoring activities, and surveillances – that is periodically evaluated for effectiveness. Maintenance (i.e., work planning) includes the performance of activities to prevent, repair or replace malfunctioning structures, systems, and components to re-establish conformance with industry requirements. There is an established maintenance plan for every major asset type, where production-related maintenance encompassing regulatory requirements is the priority.

This audit was a risk-based engagement in Internal Audit’s (“IA’s”) 2023 Audit Plan, and was selected given the potential safety, generation, and financial impacts if OPG’s generating assets and systems are not operating effectively.

2.0 OBJECTIVE & SCOPE

The objective of this audit was to assess whether the processes and controls to ensure that investment and maintenance decisions regarding generating assets were made and carried out in a timely and optimized manner to promote reliability, viability and sustainability, and that these processes and controls were designed and operating effectively. The scope included activities from January 1, 2022 to April 30, 2023 and precursor activities from prior periods where appropriate.

3.0 CONCLUSION

Report Rating: **Requires Improvement**

Overall, IA noted that the processes and controls established to ensure that investment and maintenance decisions regarding generating assets were made and carried out in a timely and optimized manner require improvement. RG should formally develop a plan to monitor and manage the preventative maintenance ("PM") work order task ("WOT") backlog across the fleet, the Asset Management team should establish key performance indicators for the Asset Management Program to drive performance, and project controls and key deliverables consistent with OPG's project management framework should be developed for the Continuous On-Line Monitoring ("COLM") Technology Implementation project.

4.0 SUMMARY OF POSITIVE OBSERVATIONS

- The Monitoring & Diagnostic ("M&D") Centre for OPG is collaborating with industry partners such as the Department of Energy National Laboratories in the United States, the CANDU Owners Group ("COG") in Canada, and the Electric Power Research Institute ("EPRI") to explore new evolutions in M&D centres, which has prognostic capabilities to predict the remaining useful life of components and feed data into the timing of investment decisions within Asset Management.
- The Asset Management Team implemented the Enterprise SAMP to outline key elements of OPG's Asset Management Program, and to provide guidance on how technical and economic assessments are integrated into managed processes to ensure that asset investments are optimized. It was noted that the SAMP is in alignment with ISO 55000, and will provide valuable guidance to all BUs including the Chief Information Office's portfolio of assets, Real Estate Facilities, RG Facilities, and Nuclear Facilities, including the Advance Inspection Maintenance ("AIM") and Nuclear Sustainability Services ("NSS") groups.

5.0 SUMMARY OF FINDINGS

No.	Finding Rating	Observation	Potential Impact	Management Action Plan
1	High	There is no formally documented plan to reduce WOT backlogs for RG, including key performance indicator (“KPI”) targets and timelines. RG-PROC-MA-0002 <i>Work Management - Assess, Plan and Schedule Work</i> requires maintenance backlogs for all priority levels to be managed and accepted by the Work Centre Manager or delegate. While WOT backlogs are reported and tracked by individual hydroelectric stations, there is no formally documented plan across RG to manage and reduce the station backlogs, including KPI targets and timelines. As of the date of this report, it was noted that there were over 17,000 WOTs in backlog.	The lack of a documented preventative maintenance backlog plan may lead to increases in backlog and/ or no significant reduction over time, which may indicate a less effective maintenance program that contributes to system health and equipment reliability issues. These issues could result in equipment outages and negative operational and financial impacts.	Management will: • Revise work management governance to include direction/expectations for monitoring and management of WOT backlog on an ongoing basis. • Include a WOT Backlog Reduction measure as a KPI within RG’s performance metrics and reporting. Action Owner: Alain Levesque, Senior Manager RG Programs Target Completion Date: October 31, 2023
2	Moderate	KPIs have not been implemented for the Asset Management Program. Although OPG-PROG-0045 <i>Enterprise Strategic Asset Management Program</i> requires metrics to be developed to track performance, the Asset Management team has not implemented nor reported on performance metrics specific to the Asset Management Program to senior leadership. Additionally, key success factors which drive the development of KPIs were not formally documented.	Key stakeholders and decision makers may not be fully aware of the status of the Asset Management Program to inform the monitoring and oversight of stations and systems in a timely manner, which may lead to declining performance.	Management will identify and use the key success factors impacting asset management to develop and implement appropriate KPIs to improve the asset management function at OPG and performance reporting to senior leadership. Action Owner: Trevor Carneiro, Senior Manager Strategic Initiatives Target Completion Date: January 15, 2024

No.	Finding Rating	Observation	Potential Impact	Management Action Plan
3	Moderate	Changes to RG's COLM Technology Implementation project did not follow the change management process, and the project was missing key project management controls. In 2018, RG established the COLM project to install sensors on equipment at hydroelectric stations. The project is currently in the execution phase, with a target installation completion date of 2024. The project aims to enhance the existing health monitoring program, and was classified as a Level B project due to the assessed complexity of the project and its intended coverage being deployed across the RG fleet. It was noted that there were various scope reductions compared to the originally approved business case summary ("BCS") that were not processed via OPG's established change management process. There was also no Project Management Plan ("PMP"), scope document, or schedule in the P6 system tool and cost baselines, and the project does not have a central oversight plan to coordinate and oversee the installation of sensors by hydroelectric operations teams through a number of 'sub' projects and other execution strategies.	The project may not be delivered on time, on budget, and with expected quality due to the lack of project management controls during execution, which may result in the project not meeting its intended objective to obtain sensor data to inform equipment reliability and system health monitoring.	Management will: - Perform a detailed assessment of the current project status against the governance requirements and to develop a recovery plan that addresses the specific individual gaps, which will include alignment with the BCS and development of a Project Management Plan and revised cost and schedule baselines. Action Owner: Ivan Dimitrov, Director Engineering Services Target Completion Date: October 15, 2023 - Implement the recovery action plan developed above. Action Owner: Ivan Dimitrov, Director Engineering Services Target Completion Date: January 15, 2024
4	Low	Value Based Maintenance ("VBM") principles have not been formally documented in maintenance governance for Nuclear and RG. In 2017, Nuclear established the 'VBM Initiative', with an aim of improving equipment reliability and maintenance efficiency. The VBM Initiative contributed to the reduction of maintenance costs and resource demand by optimizing maintenance frequency and by equipment failure cost avoidance. While RG maintenance activities were not covered by the VBM Initiative, shifts towards condition based maintenance ("CBM") had commenced, providing real time data on equipment condition. When reviewing Nuclear and RG maintenance programs and procedures, it was noted that VBM principles underlying Nuclear's VBM Initiative have not been formally incorporated into governance, including for RG. While existing governance provides guidance on cost considerations, it does not reference VBM or outline the key steps to integrate VBM into maintenance processes, which include cost-benefit analysis, cost monitoring, or documenting the rationale behind decisions made in managing PM.	The lack of a documented requirement within governance and maintenance processes in Nuclear and RG may result in a loss of effort and sustainability over VBM activities that are currently being performed, resulting in a potential loss of realized economic benefit to OPG.	Nuclear Management will update N-PROC-MA-0020 <i>Predefined Process and the Preventative Maintenance Review Board's Term of Reference</i> to outline the key steps to integrate VBM in the maintenance process. Action Owner: Melissa Damiani, Manager Maintenance Programs Target Completion Date: October 31, 2023 RG Management will update RG-PROG-MA-0003 <i>Work Management Program</i> to specifically include cost and value considerations (e.g., cost-effectiveness, cost monitoring, rationalization of PM program changes) in the ongoing implementation of the program. Action Owner: Alain Levesque, Senior Manager, RG Programs Target Completion Date: September 30, 2023

No.	Finding Rating	Observation	Potential Impact	Management Action Plan
5	Low	Some maintenance work order (“WO”) priority levels were not accurately assigned by RG Work Centres. RG-PROC-MA-0002 <i>Work Management - Assess, Plan And Schedule Work</i> requires each planned WO to include a type, description, objective, and other attributes and details to support an assigned priority level. There are five levels, with priority 1 being most critical and priority 5 being the least. It was noted that of the nine priority 1 WOs in RG from January 2023 to April 2023, six were incorrectly assigned a priority 1 level when, instead, they should have been priority 2. This was validated with accountable Work Centre Maintenance and Production Managers at four hydro stations by reviewing supporting details. Priority 1 WOs must be addressed immediately, whereas all other priority levels have a risk-graded response timeline requirement.	Incorrect designation of a higher WO priority may result in inefficiencies where non-critical work is completed ahead of critical work.	Management will implement a reporting process for monitoring and oversight of WOTs, with a focus on P1, to ensure ongoing appropriate prioritization. Action Owner: Alain Levesque, Senior Manager, RG Programs Target Completion Date: September 30, 2023

APPENDIX A - FINDING RATING CRITERIA

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

	Number of Findings			
Finding Risk Rating	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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Internal Audit

Quality Management Program

November 2, 2023

Report Rating: **Requires Improvement**

1. BACKGROUND & OVERVIEW

OPG's Construction Centre of Excellence ("CCoE") provides innovative safety and quality solutions for mega construction projects. The Quality Management ("QM") program was originally established to provide additional strategic oversight for work executed by Engineering, Procurement and Construction ("EPC") vendors under their QM program for the Darlington Refurbishment Project ("DRP"), and is now also expected to be applied to the Darlington New Nuclear Project ("DNNP").

QM is a vital element in project management as it ensures that all aspects of nuclear safety, ranging from design to operations, are managed to established quality standards. It also provides another layer of monitoring by conducting secondary checks, targeting areas where failure could potentially result in adverse consequences for the project.

The QM team takes a systematic look at various aspects of program windows and project bundles in order to review identified risks, proactively identify quality gaps, and add a level of assurance that minimizes the chance of emergent threats to Restart Control Hold Points ("RCHP") and Regulatory Hold Points ("RHP"). RCHP and RHP are checkpoints that require review and verification by regulators and other key stakeholders before project work progresses further along the schedule. Information gathered from quality surveillance activities is used to raise corrective actions for identified issues, and as operational experience ("OPEX") learnings for future work. The process used to support quality management efforts is called the Systematic Approach to Window Level Project Oversight ("SAWLPO"), which uses an assessment process to target quality surveillance activities based on the associated risk to the appropriate program windows / project bundles.

The QM Program audit was a risk-based audit identified in Internal Audit's ("IA") 2023 Audit Plan, selected given the importance of quality management to ensuring that mega construction projects are delivered with the required quality to be fit for purpose.

2. OBJECTIVE & SCOPE

The objective of this audit was to assess the design and operating effectiveness of processes and controls within the QM program over the DRP that support the achievement of quality management performance objectives and measures, and project outcomes as a whole.

The scope included activities from January 1, 2022 to July 31, 2023 and precursor activities from prior periods where appropriate.

3. CONCLUSION

Report Rating: **Requires Improvement**

Overall, the design and operating effectiveness of processes and controls within the QM program over DRP require improvement. There was a lack of effectiveness reviews conducted on self-assessments ("SAs"), which identify trends and possible corrective actions to support continuous improvement on a programmatic level. Quality trends reported by the QM team were not always reassessed for escalation, and severity levels for surveillance observations did not consistently met the stated criteria based on formally recorded documentation. Additionally, program window start and end dates could not be validated to ensure adequate planning of surveillance activities within required timelines.

As DNNP is currently in the development phase, the quality management plan is in its early stages, and will be updated as the project matures.

4. SUMMARY OF POSITIVE OBSERVATIONS

- Recognizing the importance of quality excellence in construction and aiming to continuously improve, the QM group established a Vendor Quality Council ("VQC") in April 2023. The objectives of the VQC aim to gain better visibility on trending quality events, and to create greater transparency within the vendor community by no longer considering quality events in isolation to a single vendor;
- The QM group conducts weekly internal review meetings of surveillance observations, which involve assessments of related risk impacts and follow up actions by OPG and vendors. In addition, observations, quality events, and other deviations from vendor quality programs are communicated and escalated to vendors to ensure appropriate follow-up and action;
- The QM group publishes monthly and quarterly reports to project stakeholders, as well as to senior leadership on quality management activities performed. The reports include a wide cross section of information including the number significant quality events and their rating (from poor to excellent), performance metrics by unit / project bundle / vendor, and trends and opportunities. The quarterly reports also include a summary of surveillance observations by severity level, status of oversight plans and reports, procurement oversight being conducted, self-assessments planned and completed, and details of other in-progress initiatives; and
- The QM group has demonstrated aspects of continuous improvement by consolidating their Oversight Plan and Oversight Report into one document, reducing duplication of effort while continuing to provide stakeholders with relevant details of the surveillance activity conducted.

5. SUMMARY OF FINDINGS

1. Effectiveness reviews of self-assessments were not executed in line with governance.		Moderate
Observation	Potential Impact	Management Action Plans
OPG-GUID-01940-0001 <i>OPG Quality Surveillance Guide</i> states that programmatic areas and processes may be identified for review at the discretion of the QM Senior Manager based on identified trends and risks. When performed, the review should be conducted in accordance with N-PROC-RA-0097 <i>Self Assessment and Benchmarking Procedure</i>. The QM group conducted two snapshot self assessments ("SAs") in 2022. Snapshot SAs may be used for early detection of gaps with work, and for quickly determining whether process or program weaknesses exist that may require actions for improvement or further evaluation. Based on a review of the two snapshot SAs, it was noted that there was no evidence to demonstrate that the Management sponsor had completed a quality review of the SA to ensure that it met expectations and that expected outcomes were achieved. In addition, a periodic review of the effectiveness of the SA and benchmarking program had not been performed, which is the responsibility of the Performance Improvement group. There were also some inconsistencies and omissions on one of the snapshot SAs, as the conclusion and expected benefits/results were not fully in line with the governance procedure, with no recommendations or executive summary being documented.	The absence of quality reviews and periodic effectiveness reviews may result in an inability to adequately identify relevant weaknesses in vendor quality programs.	Management will: • Prepare a Self Assessment Plan for the CCoE Division and add an assessment for the QM group; and • Create prompts in AS9 to ensure divisional self-assessments are not missed going forward. Action Owner: Donna Flewell, Senior Performance Officer Target Completion Date: April 30, 2024

2. The severity levels of some observations created to capture negative trends were not elevated as required by governance, and medium level observations were closed without raising a Station Condition Report or Correction Action Report.		Moderate
Observation	Potential Impact	Management Action Plans
OPG-GUID-01940-0001 defines the criteria for surveillance observation severity levels (classified as high, medium, and low) and the basis for their closure. For identified trends in quality events, the guide also requires the creation of a higher severity observation to capture the information. <i>Trends</i> During the audit, six instances were identified where trends were reported within monthly reports or identified by vendors, but there was no indication that the observations created to capture these trends had elevated severity level ratings. In total, 11 observations were raised for trends within the audit scope period; seven were rated as low, while four were rated as medium; <i>Classification of quality events</i> A review of the population of observations (127 classified as medium severity and 1,734 classified as low severity, with no observations classified as high severity) noted the following: - The closure notes for some observations did not include a basis for closure in line with the quality surveillance guide. Specifically, medium level observations should be closed if a Station Condition Report ("SCR") or corrective action report ("CAR") are raised. A review of closed medium level observations found that 27 of 121 records (22%) did not indicate whether an SCR or CAR was raised. Instead, the observation was communicated to the vendor for follow up, which is the requirement for low rated observations; and - The type of information documented in the Quality Management Master Observation Repository ("MOR") did not always allow for an adequate assessment of whether observation severity levels were rated in line with the criteria in OPG-GUID-01940-0001. The documented information for 14 medium and 78 low observations did not match the stated criteria within governance. While governance permits management to exercise discretion in determining severity levels for observations that would otherwise be assessed as a high severity event (i.e., allowing for additional information such as the completion of vendor corrective actions and root cause analysis), the basis for exercising discretion in these instances was not formally documented. Management indicated that discretion is also exercised in practice for observations assessed as medium and low severity.	- A failure to elevate severity levels resulting from negative trend patterns may result in a lack of focus on repeating quality issues, resulting in insufficient corrective action and resolution to address the issues; - High and medium level observations may not be tracked and monitored to ensure proper actioning and close out by vendors in the absence of SCR or CAR reporting; and - A lack of sufficient detail to support assigned severity levels outside of established criteria may result in observations not receiving the level of scrutiny and corrective action required, resulting in unaddressed quality issues.	Management will reassess current and outstanding trends and elevate the observations with higher severity levels as appropriate. Follow up actions for these observations will be documented, if needed, and dispositioned. Action Owner: Shahid Chishty, Section Manager, Quality Management Target Completion Date: April 29, 2024 Management will update governance to: - Require that details of observations include criteria, cause, and impact so that there is sufficient and transparent information to demonstrate how severity levels were assigned and meet the established criteria; - Establish a process to address situations where discretion is exercised in assigning a severity rating or closing an observation, and treat such discretion as exceptions to the normal course process within the QM program; and - Require review and approval of documented exceptions where discretion is exercised. Action Owner: Shahid Chishty, Section Manager, Quality Management Target Completion Date: April 29, 2024

3. Accurate information on the start and end dates for program windows was not consistently available, presenting challenges in assessing adherence to timelines established within governance for the preparation of oversight plans and reports.			Moderate
Observation	Potential Impact	Management Action Plans	
OPG-GUID-01940-0001 indicates that oversight plans should be completed at least 30 days before the program window start date, and oversight reports should be completed within 60 days of window end date, to ensure adequacy of planning and availability of appropriate staff to oversee all critical tasks. For the annual plan, the P6 schedule was utilized to plan surveillance timeframes. In most cases, the program window start and end dates noted in the QM annual plan were not reflective of the actual start and end dates due to program window changes as a result of the working schedule being ahead of the P6 planned schedule. To mitigate the impacts of changes to schedule on the overall QM plan, frequent engagement with the project execution team occurred to ensure that surveillance was still conducted on relevant windows. A sample of 10 project windows noted that for nine of the sampled program windows, the earliest observation noted in the oversight report pre-dated the completion date of the oversight plan, indicating that oversight work was being performed prior to the completion of the oversight plan. Management indicated that the actual program window start and end dates were captured as supplementary notes within the QM annual plan, however this information was only documented for one of the 10 sampled oversight reports. With respect to the issuance of oversight reports, while the lack of documented window dates presented challenges in validating the timely completion of reporting, it was observed that all sampled reports were consistently finalized within 45 days of the final noted observation from the executed surveillance work.	Lack of accurate and documented information on changes to program windows may inhibit management's ability to plan surveillance activities with adequate preparation and resourcing in order to execute with quality, placing greater dependence on less formal interactions with the project team to ensure surveillance activities are planned and executed accordingly.	Management will: • Revise the QM planning process, including the development of key tools (i.e., Annual Plan) and deliverables (observation reports) to track and record program window date changes (i.e., to the T10 schedule), and the potential impact on surveillance resourcing and scheduling; and • Revisit timing requirements for planning and preparation to ensure execution of activities are adaptive to schedule changes. Action Owner: Shahid Chishty, Section Manager, Quality Management Target Completion Date: April 29, 2024	

4. The Annual Plan was not consistently updated with rationale to explain the non-selection of certain program windows for surveillance.			Low
Observation	Potential Impact	Management Action Plans	
The QM team documents the rationale for non-selection of program windows for surveillance in its Annual Plan (an Excel based document). Some documented reasons included reference to activities that do not warrant a review of quality, such as non-EPC activities and 'segment 0' activities, which are preliminary readiness activities. It was noted that of the 165 program windows with start dates during the audit scope period, 102 were not selected for surveillance. Of these 102 program windows, 34 did not have an accompanying rationale for their non-selection. Management indicated that all windows without comments met the criteria for non-selection and that due to competing priorities, the plan had not been fully updated with the rationale for non-selection. Management further noted that windows that require oversight are reviewed during weekly meetings to ensure none are missed.	Absence of documented rationale for the non-selection of program windows for surveillance does not provide: - Assurance of the reasonableness of their omission (i.e., that some windows that should have been assessed were not); and - Documentation to support knowledge retention (e.g., in the event of staff turnover).	Management will: - Revise governance to require a rationale to be provided for program windows that are not selected for surveillance activities; and - Include functionality in the Annual Plan spreadsheet to require mandatory documentation of the rationale for non-selection. Action Owner: Shahid Chishty, Section Manager, Quality Management Target Completion Date: June 28, 2024	

5. QM plans and reports were not consistently communicated to relevant stakeholders.			Low
Observation	Potential Impact	Management Action Plans	
OPG-GUID-01940-0001 states that: • Oversight plans should be communicated to at least one project stakeholder; • Oversight reports should be communicated to the Project Manager and/or other project stakeholders; • Results of program and process reviews should be communicated to the project, vendor and program owner; and • Observations from surveillances and assessments should be monitored for trends and communicated to the project, stakeholders, and vendors. In the following instances, it was noted that communication of the relevant report/document was not provided to key stakeholders as required: • Nine of 10 sampled oversight plans and related reports; • One horizontal assessment; and • Two QM quarterly reports.	Stakeholders may not: • Be able to assess the relevance of the plan to the work being done; • Be aware of quality issues related to their work; and • Be informed of lessons learned on a timely basis to implement/apply to ongoing windows.	Management will: • For QM quarterly reports, develop and provide targeted communication that will allow senior leadership a succinct view of the status of QM's activities; • For horizontal assessments, provide results to relevant stakeholders through a review check. The review will also ensure that evidence of communication is retained in a central repository; and • Revise guide requirements for communication of oversight plans and reports as this information is available to stakeholders because it is published on the QM site. Management will recommunicate the availability of this information to project stakeholders. Action Owner: Shahid Chishty, Section Manager, Quality Management Target Completion Date: June 29, 2024	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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Tony Kim	Section Manager, Refurbishment Quality Management

Internal Audit

Market Renewal Program

January 26, 2024

Report Rating: **Requires Improvement**

1. BACKGROUND & OVERVIEW

In 2016, the Independent Electricity System Operator (“IESO”) initiated its Market Renewal Program (“MRP”), with a stated goal of improving the current electricity market design by improving how electricity is supplied, scheduled and priced in the Ontario market. In September 2022, the IESO communicated a revised MRP in-service date of May 2025.

The MRP will lead to a fundamental redesign of Ontario’s electricity market, and will include:

- A single schedule market with location-specific energy market pricing for a more competitive and efficient market;
- A financially binding day ahead market to procure the majority of Ontario’s electricity needs a day in advance; and
- An enhanced real-time unit commitment engine for better commitment decision making in the pre-dispatch timeframe.

The MRP will introduce a significant shift in how market participants operate in the market, and will require substantial changes to processes and systems to ensure OPG is commercially ready to participate in the renewed market.

This was a risk-based audit identified in Internal Audit’s (“IA”) 2023 Audit Plan, selected given the significant impact of MRP to OPG’s market strategy, revenue, business processes, technical systems and tools.

2. OBJECTIVE & SCOPE

The objective of this audit was to assess OPG’s readiness for participation in the MRP against the IESO timeline and OPG project plans and schedules, including validation of the closure of management actions from the previous MRP audit.

The audit included activities from January 1, 2023 to October 31, 2023, and precursor activities from prior periods as relevant.

3. CONCLUSION

Report Rating: **Requires Improvement**

Overall, the processes and controls covering key processes in project management and reporting for the MRP require improvement. Key observations identified during the engagement are summarized below.

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Business requirements of the Lepton suite development were not clearly traced, and schedule changes were not assessed and controlled to ensure timely delivery.	Operational	X		
2	Project management plans and the integrated project schedule were not kept up-to-date, project performance metrics have not been consistently published, and reported earned value metrics were not reflective of deliverables completed for the MRP Umbrella project.	Operational		X	
3	The scope and schedule of the business process redevelopment initiative were not well defined and tracked for timely completion.	Operational		X	
Total		3	1	2	-

4. SUMMARY OF POSITIVE OBSERVATIONS

The following positive observations were noted during this engagement:

- Market participants are required to establish reference levels (i.e., prices that reflect the approximate cost of dispatch for each unit during the market power mitigation process) with the IESO, to enable the development of a method of using past data to forecast future costs in the single schedule market contemplated by the IESO's MRP. The MRP team has submitted reference levels for all OPG dispatchable stations per IESO requirements as of March 2023. The reference level negotiation is ongoing, tracked via the reference level schedule, and is supported by appropriate evidence as required in the project management plan ("PMP").
- A market renewal training strategy has been developed for execution, with a clearly defined scope, high-level schedule, targeted audience, risk mitigation actions and differentiated training objectives and content.
- Activities associated with the MRP Information Technology ("IT") project have been executed in compliance with the Enterprise Portfolio Management Office ("EPMO") and IT Project governance for project management, reporting and delivery, with any exceptions to governance properly justified, authorized and documented.

¹ Please refer to Appendix A for risk rating definitions

5. SUMMARY OF FINDINGS

1. The business requirements of the Lepton suite development were not clearly traced, and schedule changes were not assessed and controlled to ensure timely delivery.			High
Observation	Potential Impact	Management Action Plans	
The MRP was comprised of two separate projects: - The MRP IT project, developing or upgrading 26 market renewal tools (classified as a level B project); and - The MRP Umbrella project (classified as a level C project), covering energy market business activities and upgrading two business applications (i.e., Lepton and Riv24, collectively referred to as the Lepton suite). All enterprise projects classified as level A to D are required to follow the scalable project delivery controls established in OPG's Project Management Program (OPG-PROG-0039), including the tracing of business requirements to project completion and the establishment of a schedule performance measurement baseline. The MRP Umbrella project applied an 'agile' approach for Lepton suite development, which is currently undefined in EPMO governance. In lieu of governance, the MRP Project team defined an agile methodology, following consultation with the IT Projects organization. This resulted in a project schedule being developed with three-week 'sprints', with user stories and associated project tasks being allocated to each sprint. In reviewing the Lepton suite upgrade initiative, the following was noted: <i>Fulfilment of business requirements not being traced</i> Management was using the Microsoft Azure DevOps ("ADO") tool to manage system development, which provides end-to-end traceability functionality by linking business requirements, user stories and test cases. The development of the Lepton suite did not establish linking that identifies business requirements to user stories and test cases, and therefore could not generate automated ADO queries to demonstrate which business requirements were captured by user stories and tested. This resulted in the realization of business requirements not being tracked, as it was a time-intensive manual process. <i>Challenges in scope and schedule management led to changes in both project scope and schedule</i> From the date of the IESO formally communicating delays to the MRP project implementation for market participants to the date of this report, the total number of sprints for the Lepton suite upgrade schedule increased from 32 sprints to 50 sprints. It was noted that the rationale for increases in the number of sprints was not consistently documented nor approved by a relevant authority. In addition, goals set by Management to consider a sprint complete by completing approximately 80% of sprint tasks led to the deferral of tasks to subsequent sprints, potentially resulting in an increase in overall schedule.	The Lepton suite may not be able to fully support operations on market renewal go-live if all business requirements are not completed. The absence of prioritization for business requirements may lead to the development team investing time in lower-priority tasks first, placing the timely completion of essential functionalities at risk. The addition of business requirements during the Execution phase (post Gate 3) may result in scope creep, impacting on-time and on-budget completion of the project. Delays may not be detected if the schedule performance measurement baseline is not established. Lack of change controls and increase in number of sprints may lead to MRP project schedule extension, hindering go-live when the new IESO market goes live.	Management will develop a project plan for Lepton suite scope and schedule management, establish the scope performance baseline, and maintain the Requirement Listing for scope assessment and management. Action Owner: Javed Kotowaroo, Senior Market Affairs Advisor Target Completion Date: April 15, 2024 Management will take actions to improve ADO traceability (e.g., updating naming convention, document Business Requirement Document ("BRD") IDs, and building queries). Action Owner: Amy Beard, Real Time & Day Ahead Markets Supervisor Target Completion Date: April 15, 2024 Management will include an integrated UAT (User Acceptance Testing) testing for all business requirements at an appropriate time in the project schedule. The integrated UAT testing will provide assurance on realization. The appropriate timing will ensure that the Lepton suite team has sufficient buffer time to remediate in case there are any missed business requirements, Action Owner: Andrew Li, Senior Market Specialist Target Completion Date: April 15, 2024 Management will develop more ADO dashboards for progress tracking and include appropriate status updates in the monthly reporting. Action Owner: Javed Kotowaroo, Senior Market Affairs Advisor Target completion date: April 15, 2024	

2. PMPs and the integrated project schedule were not kept up-to-date, project performance metrics have not been consistently published, and reported earned value metrics were not reflective of deliverables completed for the MRP Umbrella project.			Moderate
Observation	Potential Impact	Management Action Plans	
<i>The Project Integrated Management Manual</i> (OPG-MAN-00120-0010-006) requires projects to have a standardized PMP. Changes to the PMP should be identified and assessed, which results in a PMP that is progressively elaborated by controlled and approved updates extending through to project closure. The <i>Project Schedule Management Manual</i> (OPG-MAN-00120-0014) requires projects to use a project schedule as the main planning tool. The Scalable Project Delivery Model requires the MRP project team to prepare monthly reporting to the project team and key stakeholders on key project metrics, including Quality, Schedule, Cost, and Risk, while reporting to the MRP Steering Committee occurs at a higher level on a bi-monthly basis. A review of the MRP project management and performance reporting practices noted the following: - The integrated project schedule has not been reconciled with initiative project schedules since June 2023. As a result, the activity dates and milestones identified in the existing integrated schedule did not match those defined in the business process and offer strategy initiative schedules. Performance metric dashboards have also not been updated since June 2023. Management had been developing a new integrated schedule to enable greater automation of project activities and updating of project milestones, which has yet to be implemented as of the date of this report. - Project earned value reporting (i.e., Schedule Performance Index or "SPI") was not reflective of whether the project was achieving expected deliverables, as MRP Umbrella project did not use a "deliverable based" approach to calculate the earned value. Rather, the "level of effort" approach was used, as some of the MRP Umbrella initiatives lacked scope definition when the integrated schedule was initially developed; - The project's Risk Management Plan requires high and moderate risks to have mitigation actions and reported in monthly status update meetings. However, moderate risks were accepted without mitigation and were not reported in monthly meetings; and - The MRP IT and MRP Umbrella PMPs were not updated to address significant changes, (e.g., Hybrid Tools were transferred from MRP Umbrella to MRP IT). The MRP IT project documented any changes in Steering Committee meeting materials, while the MRP Umbrella project did not document changes in scope, performance and risk management consistently.	Inaccurate schedules may impede Management's ability to monitor project performance and establish corrective actions where required, potentially leading to project delays and the development of deliverables that do not meet the project's requirements. The project's SPI metrics may not be reflective of actual project achievement given the "level of effort" approach used in earned value reporting, as the SPI would have been calculated based on resource time spent on deliverables rather than the actual achievement of those deliverables. MRP stakeholders may not be able to assess and challenge the acceptance of moderate-level risks, as they were not reported in monthly status update meetings. The absence of clear and consistent PMPs may lead to ineffective project management and execution, as project personnel are unclear on the appropriate practices to follow and/or their accountabilities.	Management will complete the work on integrated schedules and build performance dashboards accordingly. Upon completion, the MRP Umbrella and IT projects will follow EPMO governance for project management and reporting. Amendments to the methodology applied in calculating earned value will also be addressed through this management action. Action Owner: Lindsey Arseneau-MacKinnon, Vice President, Energy Markets Target Completion Date: April 15, 2024 Management will update the risk management plan and adjust risk reporting accordingly. Action Owner: Javed Kotowaroo, Senior Market Affairs Advisor Target Completion Date: April 15, 2024 Management has developed a project governance change registry to capture changes for updating the PMP. The registry is a living document which will also serve as interim governance until the updated PMP is issued. Action Owner: Javed Kotowaroo, Senior Market Affairs Advisor Target Completion Date: Completed Management will update the PMP to address hybrid tool changes. Action Owner: Nuno De Matos, Project Manager Target Completion Date: April 15, 2024	

3. The scope and schedule of the business process redevelopment initiative were not well defined and tracked for timely completion.		Moderate
Observation	Potential Impact	Management Action Plans
<i>The Front End Planning for Programs and Strategic Projects Guide</i> (OPG-GUID-00120-0009) section 6.2 recommends that a Project Management Plan (PMP) is prepared for each discrete scope within a program, to describe the requirements on management and execution for the specific scope / initiative. OPG-MAN-00120-0014 section 2.2.7 indicates that the level 2/3 activity description for a project should start with a verb, contain a unique, specific object, leave no room for confusion, and is no longer than two months in duration. A review of the MRP's business process redevelopment initiative ("the initiative") identified the following: - The MRP PMP identified key milestones for the initiative which included completion of a Business Process Redevelopment Strategy by June 2023, which has not been completed as of the date of this report. Management decided to forgo the document and opted to develop a Terms of Reference ("TOR") document instead, which is considered to serve as a project plan. The TOR did not contain the level of detail and clarity expected of a project plan, including commentary regarding scope, schedule, risk, quality, change control, documentation management, integration with interfacing groups, and roles and responsibilities. - The initiative included three phases, with Phase 1 starting on August 9, 2022 and ending on December 31, 2023. As of December 2023, the initiative completed five out of nine planned deliverables, related to business process flowcharts/diagrams. However, the deliverables did not fully address general and specific objectives documented for Phase 1. Examples include: - There were 16 milestones to be completed during Phase 1, with seven of the 16 completed as of December 2023; - The completed flowcharts/diagrams did not identify information around resources, sub-processes, desk duties, packages, MRP parameters and MRP Impact etc. as required by specific objectives; and - Further Lines of Business needs to be addressed during Phase 2 were not identified as required by general objectives. - The initiative schedule did not contain sufficient detail to guide execution activities and assess performance. For example, interdependencies of business process redevelopment and system development activities were not documented, and instances were noted where activities had durations greater than that permitted by OPG-MAN-00120-0014, with descriptions not being prepared with the required detail to drive execution.	A lack of a well-defined Business Process Redevelopment scope could hinder the initiative's progression, as project personnel may not be clear on the initiative's objectives, scope, schedule, and deliverables. As the completion of Phase 1 deliverables set the foundation for subsequent phases, delays in their completion could impact the timely and orderly progression of Phase 2 and 3 activities. Project schedules lacking defined activities and interdependencies may indicate inadequate planning, causing delays as project personnel expend execution-phase time determining deliverables, generating potentially irrelevant outputs, or rectifying implemented design issues. Management may not be able to assess schedule performance if level 2 and 3 activities are unavailable and durations are not defined.	Management will revise the TOR to contain the elements of a project plan and schedule with greater definition, which will be shared with relevant stakeholders for alignment and used to guide execution and tracking. Action Owner: Margaret Koontz, Senior Manager, Market Affairs Target Completion Date: April 15, 2024

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g., automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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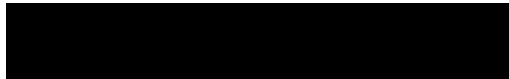


Internal Audit

Third Party Risk Management

February 22, 2024

Report Rating:



1. BACKGROUND & OVERVIEW

Third party risk arises from organizations relying on outside parties to perform services or activities on their behalf. Externally driven disruptions including pandemics, international conflicts, and economic instability have created pressure on global supply chains and highlighted organizations' dependence on critical third parties. To mitigate these pressures, third party networks are being expanded to ensure business continuity. The overall trend of increased reliance on, and operational integration with, third parties across industries has increased over the past several years, and in turn organizations are increasingly subject to additional sources of third party risk.

OPG makes extensive use of third parties across the enterprise to support the company's operations, strategic projects, and initiatives. This reliance on third parties may impact the achievement of OPG's business objectives if there are performance issues in areas such as quality, safety, cost, schedule, and cyber security. A multi-year enterprise-wide initiative led by Supply Chain was started in 2023 to develop an integrated vendor risk management program. While Supply Chain has the primary accountability over procurement, the ongoing management of vendor risks requires collaboration from areas across OPG including, but not limited to, [REDACTED]

This was a risk-based audit identified in Internal Audit's ("IA") 2023 Audit Plan, selected given the reliance on third parties in supporting OPG's operations, strategic projects and initiatives, and the importance of managing the risks associated with third parties to achieve organizational objectives.

2. OBJECTIVE & SCOPE

The objective of this audit was to assess the progress and effectiveness of programs and processes established by OPG's Supply Chain and Cyber Security groups to manage risks related to the reliance on the products and services provided by third parties to the organization.

The scope included activities from October 1, 2022 to September 30, 2023, and some precursor activities from prior periods.

3. CONCLUSION

Report Rating: [REDACTED]

Overall, the effectiveness of programs and processes established by OPG's Supply Chain and Cyber Security groups to manage risks related to the reliance on the products and services provided by third parties to the organization [REDACTED]. Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1					
2					
3					
4					
Total					

4. SUMMARY OF POSITIVE OBSERVATIONS

Progress in managing the risks associated with third parties was noted in the following areas:

- The Critical Procurement Planning initiative, which aimed to address quality oversight issues with parts ordered by ("EPC") vendors from sub-suppliers, was completed collaboratively between the Supply Chain, Nuclear Projects, and Engineering teams. This resulted in changes to Project Management Plans ("PMPs") that now include a specific section for project teams to consider critical procurement to enhance OPG oversight down to the sub-supplier level.
- The Framework for the Supplier Relationship Management ("SRM") process was redefined, with supplier segmentation finalized, the OPG scorecard process expanded, and completion of scorecards and surveys for Partner Suppliers.
- A Cyber Security third party risk management governance was developed, which includes cyber considerations over vendor planning, due diligence, contract negotiations, ongoing monitoring and termination. Cyber Security risk and due diligence assessments were also updated in collaboration with external consultants.

¹ Please refer to Appendix A for risk rating definitions

5. SUMMARY OF FINDINGS

1. [REDACTED]		
Observation	Potential Impact	Management Action Plans
Based on leading practices, information on third parties that have been granted access to applications/systems should be centrally managed. A standardized process to remove access for vendors once business relationships have ended is important to remove any residual third party risk to the organization. [REDACTED] Vendors have access to OPG applications via single sign-on (“SSO”) or utilizing a corporate local area network account, i.e. [REDACTED]. In assessing potential risks and gaps with [REDACTED] it was noted that: [REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

2. [REDACTED]		
Observation	Potential Impact	Management Action Plans
Supply Chain gathers and monitors business and market intelligence from the external environment (e.g., forecasts on commodity prices, interest rate and inflation, and other broader macroeconomic outlooks) and publishes a Supply Chain Market Report on a monthly basis. The report has developed in response to the elevated global inflation levels following the COVID-19 pandemic, aimed to create proactive awareness across the enterprise for consideration in managing projects and operations, and is envisioned as one of the elements of the Supply Chain Risk Management Framework and Supply Chain Excellence initiatives. In reviewing this initiative, the following was observed: [REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED]

3. [REDACTED]		
Observation	Potential Impact	Management Action Plans
For new vendors requiring access to OPG systems, cyber security risk assessments assist in safeguarding technology platforms and helping develop plans for vendor risk mitigation. In reviewing Cyber Security's Third Party Risk Management governance, it was noted that [REDACTED] [REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

4. [REDACTED]		
Observation	Potential Impact	Management Action Plans
As part of the 'Cyber Security Road Map' developed by the Cyber Security team to address third party risks, a commitment was made to have greater oversight of [REDACTED] [REDACTED] [REDACTED]	[REDACTED]	[REDACTED] [REDACTED] [REDACTED]

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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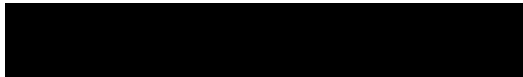


Internal Audit

Artificial Intelligence Governance

May 1, 2024

Report Rating:



1. BACKGROUND & OVERVIEW

Artificial intelligence (“AI”) technologies are increasingly being implemented across various industries, including the energy sector. OPG is exploring and adopting AI solutions in various areas, such as predictive maintenance, anomaly detection, and project management. The use of AI also carries inherent risks, including potential biases in datasets, data security, privacy concerns, and ethical considerations around its applications, and unintended consequences as inputs to the systems change.

A comprehensive yet adaptive governance framework sets a foundation to manage risks while enhancing the responsible use of AI. Such a framework should guide the development, deployment, and ongoing management of AI projects and systems, while promoting ethical use of AI and mitigating potential risks.

AI projects are managed through the IT projects process and follow a defined lifecycle with various phases including Definition/Planning, Execution, In-Service, and Closeout. Key controls throughout the lifecycle include policies, procedures and review activities which ensure proper definition, scope management, and validation of project deliverables. Additionally, project estimates are reviewed and monitored throughout the lifecycle to ensure alignment with allocated budgets and released funds.

This was a risk-based engagement identified in Internal Audit’s (“IA’s”) Audit Plan, selected given the recent increased inherent risks of AI technology.

2. OBJECTIVE & SCOPE

The objective of this audit was to evaluate the design and operating effectiveness of processes and controls related to the AI governance framework components as illustrated in Appendix A, such as organizational engagement, planning and alignment, policies and standards, governance and oversight, controls and procedures, and digital training, fluency and change management.

The scope included activities from January 1, 2023, to December 31, 2023, and relevant precursor activities from prior periods where appropriate.

This engagement was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

3. CONCLUSION

Report Rating: [REDACTED]

Overall, the design and operating effectiveness of controls and processes for AI governance [REDACTED]. Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1					
2	A talent development program that integrates AI training, knowledge transfer and people management practices to effectively leverage AI technologies is not in place.				
3					
4					
5	Existing AI procedures and documents have not been updated in a timely manner to incorporate relevant documentation references.				
6					
Total					

4. SUMMARY OF POSITIVE OBSERVATIONS

- OPG has recognized the growing prevalence, benefits, and risks of AI faster than its peers in the industry and noted that lines of business (“LOBs”) across the organization were interested in or already using AI. In response, an AI governance program was proactively established to centralize AI innovation, including the formation of an AI Committee to discuss AI use cases, share AI developments, AI regulations and AI best practices. The AI Committee includes a diverse group of members from across the enterprise to bring knowledge from their respective areas of expertise and make necessary and timely recommendations.
- OPG formed a qualified AI Centre of Excellence (“CoE”) that is responsible for developing AI systems, managing AI risks, and providing subject matter expertise to the organization on AI-related inquiries. AI CoE members critically evaluate AI models presented to the AI Committee for Responsible AI risks (such as robustness and fairness).
- OPG developed a robust list of Responsible AI principles that covers the nuances presented by AI risks. These principles are documented and shared in the ‘Usage of AI’ Terms of Reference (“ToR”) to validate that AI is used in an ethical, fair, and explainable manner. In addition, the document outlines techniques for enabling developers to implement AI responsibly.

¹ Please refer to Appendix B for risk rating definitions

5. SUMMARY OF FINDINGS

[illegible]

2. A talent development program that integrates AI training, knowledge transfer and people management practices to effectively leverage AI technologies is not in place.		
Observation	Potential Impact	Management Action Plans
Digital Technology & Services ("DT&S") has hosted AI roadshows and education sessions across the enterprise, and conducts optional AI trainings for AI Committee members. The OPG intranet page also provides links to self-study materials and online courses on the topic of AI. Through stakeholder interviews and documentation review, the following observations were noted: • Knowledge transfer: Over the past two years, the AI Committee has faced considerable member turnover, with no knowledge transfer strategy for its members. • AI trainings: DT&S has developed a mandatory computer-based training for all end users of ChatOPG to make them aware of Generative AI risks such as hallucination and inaccuracies. However, there is no mandatory AI training for employees including AI developers (including the LOB, the AI Committee members, and the AI CoE members) to enable effective AI development and validate safe and ethical AI practices. Moreover, there are no trainings for the second line oversight functions on identifying, assessing, and mitigating AI risks, Responsible AI principles, AI monitoring and incident response.	• The lack of a defined knowledge transfer strategy for AI Committee members may lead to loss of expertise and knowledge from member turnover and affect the AI Committee's ability to review and govern AI systems efficiently and effectively. • The absence of mandatory AI and AI risk trainings for employees, especially employees directly involved with the use and assessment of AI systems and risks, may lead to the development of AI systems that exceed OPG's AI risk appetite and tolerance levels and fail to address the organization's objectives.	Management will develop a knowledge transfer strategy for AI Committee members. This will involve identifying potential successors for each role on the Committee, while considering the specific skills and expertise required to continue AI advancement. Action Owner: Daniel Lau, Director, IT Portfolio Planning & Controls Target Completion Date: August 30, 2024 Management will establish mandatory training programs on AI definition, AI risk appetite and tolerance, AI development, AI risk management, AI third-party risks and Responsible AI principles. The training will be customized for each stakeholder group (e.g., LOBs, AI Committee, AI CoE, and second line oversight functions) based on the level of AI understanding required for their roles and responsibilities. Action Owner: Mishca De Costa, Senior Manager, Digital Innovation & Strategy Target Completion Date: August 9, 2024 Management will define AI training as part of the AI strategy and roadmap and document and review training content, monitor training completion and consider completion as a qualification for individuals involved in AI decision making processes (e.g., LOBs, AI Committee, AI CoE, and second line oversight functions). Training materials will be customized based on the audience (end users versus developers). Action Owner: Mishca De Costa, Senior Manager, Digital Innovation & Strategy Target Completion Date: August 16, 2024

[illegible]

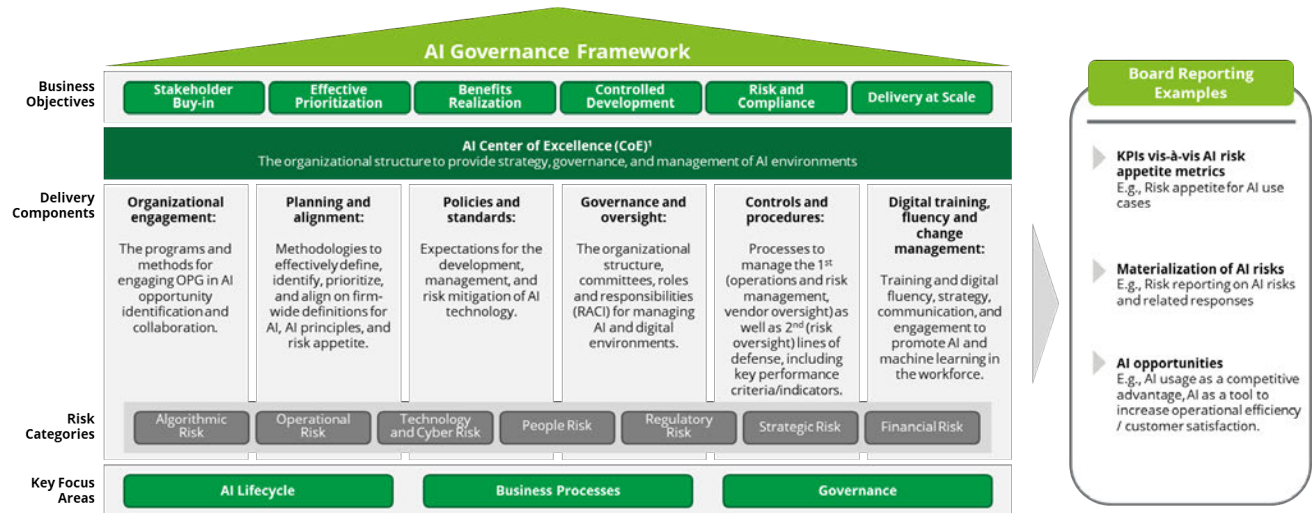
[illegible]

[illegible]

5. Existing AI procedures and documents have not been updated in a timely manner to incorporate relevant documentation references.			
Observation	Potential Impact	Management Action Plans	
To assist with the planning, development and deployment of AI systems and applications, and to manage AI risks, OPG has integrated existing processes such as the <i>IT Project Intake</i> process, the <i>IT Change Management</i> process, the <i>Procurement</i> process, and the <i>Management of Employee Personal Information Policy</i> into its AI governance program. In addition, OPG has drafted a 'Usage of AI' ToR and 'Terms of usage for Generative AI' document, including Code of Business Conduct, for governing AI and Generative AI. Through key stakeholder interviews and documentation review, the following observations were noted: • AI risk documentation: The 'Usage of AI' ToR, the Responsible AI principles or risk assessment procedures that evaluate Responsible AI principles do not reference various risk governance documents (i.e., OPG-PROG-0042 <i>Cybersecurity</i>, OPG-STD-0181 <i>Third-Party Risk Management</i>, and OPG-PROG-0004 <i>Enterprise Risk Management</i>). • Policy update: The 'Usage of AI' ToR and 'AI Committee' ToR have not been revised or assessed for outdated information (e.g., personnel changes or changes to AI risk assessments) since their release in March and April 2022, respectively.	• A lack of documentation of risk governance documents in OPG's 'Usage of AI' ToR, Responsible AI principles and risk assessment procedures can lead to inconsistency and incompleteness in the assessment and management of AI-specific risks across the organization. • AI ToRs that do not have a defined revision cycle may result in incorrect or outdated information being communicated to employees. This can result in employees referring to outdated ToRs and procedures when completing their AI risk assessments, allowing them to circumvent certain procedures when developing AI applications.	Management will update existing AI policies and procedures (e.g., 'Usage of AI' ToR, Responsible AI principles and risk assessment procedures) to reference existing risk policies (e.g., OPG-PROG-0042 <i>Cybersecurity</i>, OPG-STD-0181 <i>Third-Party Risk Management</i>, OPG-PROG-004 <i>Enterprise Risk Management</i>, etc.). Action Owner: Mishca De Costa, Senior Manager, Digital Innovation & Strategy Target Completion Date: September 6, 2024 Management will define a regular cadence for revising the 'Usage of AI' ToR and 'AI Committee' ToR, (including updating the individuals representing the AI Committee). Action Owner: Mishca De Costa, Senior Manager, Digital Innovation & Strategy Target Completion Date: September 6, 2024	

6.		

APPENDIX A – AI GOVERNANCE FRAMEWORK



APPENDIX B – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

	Number of Findings			
Finding Risk Rating	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX C – PROCESS OWNER & DISTRIBUTION LIST

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Ranjika Manamperi

Chief Information Officer

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Mandy Yu	Senior Manager, Internal Audit



Internal Audit

Long Lead Materials Procurement and Supplier Capacity Risk Mitigation

July 19, 2024

Report Rating: **Requires Improvement**

1. BACKGROUND & OVERVIEW

Long Lead Materials (“LLM”) are items that require a longer lead time for production, acquisition, or delivery compared to other materials, and can impact detailed engineering and construction schedules. For station maintenance and projects, including replacement of equipment and components, it is necessary to identify long lead items early in the process and develop procurement strategies.

Capacity constraints with key vendors and their products may cause delays to schedules and production. With the global energy transition, demand for energy related materials and services has been increasing as new facilities are constructed worldwide. To mitigate this risk, Supply Chain management initiated a Supplier Capacity Risk Mitigation Program in June 2023 which is cross-functional in nature. Under this program, items and services categories critical to OPG’s growth and ongoing operations are identified and include various LLM such as turbine generators and transformers, and other materials and services with known vendor capacity shortage including pressure vessels, heat exchangers, construction services, and environmental services.

As a part of the Supplier Capacity Risk Mitigation Program, Supply Chain (“SC”) aims to reduce lead-time through procurement advancement, procurement pooling, utilizing Vendor of Record and global inventory strategies. Supply Chain is engaging stakeholders, including OPG Asset Management, in gathering enterprise-wide demand data, performing risk analysis on capacity constraints for upcoming projects and growth areas, and developing risk mitigation plans.

This was a risk-based audit identified in Internal Audit’s (“IA”) 2024 Audit Plan, selected given the importance of securing long lead items to ensuring operational and project excellence, as well as enabling the realization of opportunities associated with OPG’s growth strategy.

2. OBJECTIVE & SCOPE

The objective of this audit was to assess the design and operating effectiveness of processes and controls in identifying LLM demand, assessing vendor capacity constraints to meet projected demand for items and services, and execution of procurement strategies for LLM.

The audit scope included activities from October 1, 2022 to March 31, 2024, and focused primarily on the processes for proactive identification and addressing future demand from potential investments and candidate projects.

The audit did not assess activities related to the procurement of long lead materials for the Darlington New Nuclear Project (“DNNP”).

This engagement was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

3. CONCLUSION

Report Rating:

Requires Improvement

Overall, the design and operating effectiveness of processes and controls to identify LLM demand, assess capacity constraints to meet projected demand, and execute procurement strategies requires improvement. Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	End-to-end processes, responsibilities and use of systems to enable the development of procurement strategies for demand identification from potential investments are not clearly defined or accepted by business units.	Operational	X		
2	Dispositions for supplier capacity risk mitigation actions are not consistently documented, and steady-state process is not yet determined to ensure periodic refresh of demand data and reassessment of risk mitigation plans.	Operational		X	
Total		2	1	1	-

4. SUMMARY OF POSITIVE OBSERVATIONS

The following positive observations were noted during this engagement:

- Supply Chain has developed an Enterprise Procurement Plan (“EPP”) that aims to provide a consolidated view of all procurement requirements for materials and services to support OPG operations, projects, and corporate functions; and
- A Category Strategy Framework was introduced with the intent to provide intelligence and strategic insights by understanding stakeholder requirements, managing supplier relations and optimizing overall spend, thus enabling Supply Chain to develop robust category strategies and to seek sourcing opportunities.

¹ Please refer to Appendix A for risk rating definitions

5. SUMMARY OF FINDINGS

1. End-to-end processes, responsibilities and use of systems to enable the development of procurement strategies for demand identification from potential investments are not clearly defined or accepted by business units.			High
Observation	Potential Impact	Management Action Plans	
A review of the Supplier Capacity Risk Mitigation Program (“the Program”) and associated investment planning and procurement activities identified the following: Governance and process - An end-to-end process covering the procurement demand and strategy formation is not defined or documented, including the interfaces between business groups and defined roles and responsibilities in mitigating supplier capacity risks. While Asset Management and Supply Chain governance documents exist, they focus on specific departmental controls and do not assign roles and responsibilities to organizations upstream and downstream to their respective organizations’ processes that support demand identification and supplier capacity risk mitigation. For example, SC’s role is not specified in the <i>Strategic Asset Management Program</i> (OPG-PROG-0045). Critical processes to identify early demand signals and address them were not cited in the <i>Strategic Sourcing, Category Management and Strategic Contract Management</i> procedure (OPG-PROC-0211). - SC has not been a stakeholder participating in the investment planning process, including attendance at Asset Management Oversight Committees (“AMOC”) meetings to provide procurement input and advice regarding future procurement. Systems and tools - There are currently no tools in place to capture early demand signals from future investments and equipment condition to provide reliable data to facilitate Supplier Capacity Risk Mitigation activities. For example, the configuration of [REDACTED] (investment planning system) does not enable long-term demand data to be analyzed in a useful manner for decision-making. Additionally, [REDACTED] is not integrated with other systems to receive equipment condition data that could be used for early demand identification for potential equipment needs in future maintenance or outage campaigns; and - Dashboards have not been configured for SC to access future demand information that were captured in [REDACTED]. Due to the factors cited above, future demand information is currently compiled by SC from multiple sources, including historical spend, information Asset Management extracted from [REDACTED] which has been subject to manual data investigation and analysis, and workshops that included stakeholders from across OPG.	Lack of defined roles and responsibilities between stakeholders in demand identification and supplier risk mitigation may lead to process breakdowns and performance issues. Delays in completing the integration of SC with Asset Management activities, including lack of SC’s participation in AMOCs, could impact the company’s ability to provide procurement advice at the front-end of the investment decision making process and collect insight on future procurement demands to mitigate vendor capacity risks. Unavailability of reliable demand data directly hinders the ability to periodically refresh demand information to assess continued adequacy of risk mitigation activities. The demand data supporting the Supplier Capacity Risk Mitigation initiative may be incomplete or inaccurate, given the manual and ad-hoc nature of the data collection effort.	Management will establish and document the desired end-to-end process and secure enterprise-wide alignment of the responsibilities for early demand identification and supplier capacity risk mitigation. Governance documentation will be updated where applicable. Action Owners: Jenn Polley, Director Supply Chain Programs & Strategy Brian Mori, Director Plant Reliability Peter Hassan, Director Station Engineering Hassan Qadri, Director Station Engineering Target Completion Date: January 15, 2025 Supply Chain Management will: - Attend the AMOC meetings to provide procurement input; and - Determine the extent and granularity of data needed for the chosen solution to provide advanced demand signals. Action Owner: Jenn Polley, Director Supply Chain Programs & Strategy Target Completion Date: January 15, 2025 Asset Management will: - Ensure future procurement information are captured in a consistent, complete, and detailed manner; - Implement solutions to ensure demand signals are available to facilitate Supplier Capacity Risk Mitigation; and - Invite Supply Chain to the AMOC meetings and obtain input. Action Owner: Brian Mori, Director Plant Reliability Target Completion Date: July 15, 2025	

2. Dispositions for supplier capacity risk mitigation actions are not consistently documented, and steady-state process is not yet determined to ensure periodic refresh of demand data and reassessment of risk mitigation plans.			Moderate
Observation	Potential Impact	Management Action Plans	
The <i>Strategic Sourcing, Category Management and Strategic Contract Management Procedure</i> (OPG-PROC-0211) 1.4.4.3 (c) states that mitigation actions should be evaluated annually during the category strategy review as part of category management activities. The Supplier Risk Mitigation initiative addressed 15 categories of materials and services at risk of vendor capacity shortages. SC identified mitigating actions for each category and held weekly update meetings with Asset Management and Engineering representatives to review upcoming demand and implement mitigation actions to ensure supply availability. A review of the initiative's plans and status documentation noted the following: • The planned risk mitigation to pool transformer procurement with other companies, including Hydro One and Bruce Power, was abandoned. Management decided to not pursue this plan, given the transformers required by Hydro One are different from those of OPG, and Bruce Power had their own procurement plans; • Management indicated the actions to address steam turbine demand are 100% complete, citing a Limited Note to Proceed ("LNTP") signed with vendors for all known demands. However, it was noted that the milestone tracker listed incomplete deliverables, such as developing a category strategy for steam turbines and monitoring progress. Updating and approving the category strategy should be completed per of OPG-PROC-0211 1.4.4.4; and • While Management indicated that the initiative identified demand for a 10 year period, providing SC with visibility on items to be procured over this timeframe, and that the initiative will transition to the annual Enterprise Procurement Plan (EPP) effort, the steady-state process for refreshing demand data and reassessing mitigation actions has not yet been identified or documented.	Inconsistent tracking and disposition of mitigation actions may result in untimely remediation of risks. Lack of defined processes may lead to the non-sustainability of supplier capacity risk mitigation actions over time, which may result in the inability to incorporate these tasks into the EPP for periodic demand data refreshes and assessments of vendor capacity and mitigation actions.	Management will: • Capture lessons learned regarding the expectation on dispositioning of supplier capacity mitigation actions; • Incorporate Capacity Risk Management process into governance and develop plans to transition the practices into the annual Enterprise Procurement Planning for steady-state support; and • Update OPG-PROC-0211 section 1.4.4.4 as necessary to clarify the expectations around the expectations around category strategy documentation. Action Owners: Abhie Vaidya, Director Category Management and Strategic Sourcing Jenn Polley, Director Supply Chain Programs & Strategy Target Completion Date: January 15, 2025	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\Rightarrow$ 5% of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq$ 2% and $<$ 5% of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $<$ 2% of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\Rightarrow$ 25% of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq$ 10% and $<$ 25% of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $<$ 10% of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	$\Rightarrow$ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

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Internal Audit

Employees' Business and Travel Expenses

November 6, 2024

Report Rating: **Requires Improvement**

1. BACKGROUND & OVERVIEW

Based on the requirements of the Ontario Management Board of Cabinet's *Travel, Meal and Hospitality Expenses Directive* ("the Directive"), the Financial Services organization publishes OPG's Business Travel and Expense Standard ("the Standard"). The Standard outlines the principles, expectations, and requirements for OPG employees when incurring business related expenses for travel, meals, accommodations, and other types of expenditures. The Standard also outlines the roles and accountabilities for approvers of expense claims.

Usage of the corporate business expense card ("corporate card") is governed by the *Corporate Business Expense Card Instruction* (OPG-INS-08700-0001). In 2023, total business travel and expense reimbursement paid to employees was approximately \$20 million.

Supervisors or Managers are responsible for reviewing their employees' expense reports to ensure compliance with the Standard and approving these expenses for reimbursement. In fulfilling this responsibility, OPG employees are expected to be knowledgeable about and adhere to the provisions of the Standard. The Financial Services group within the Shared Services organization is responsible for providing advice and direction on interpretation and application of the Standard. These responsibilities include reporting instances of non-compliance and/or exceptions to management and ensuring that approval limits based on the Organizational Authority Register ("OAR") are applied to each employee according to their position within the organization.

This was a risk-based audit identified in Internal Audit's ("IA") 2024 Audit Plan, performed to assess OPG's compliance with applicable legislation and governance, and the adequacy of related controls and processes surrounding employee business expenses.

2. OBJECTIVE & SCOPE

The objective of the audit was to assess compliance with the Standard and applicable legislation, and to assess the design and operating effectiveness of processes and controls related to monitoring and reporting of business and travel expenses.

The audit scope included expenses reimbursed from January 1, 2023 to March 31, 2024, and some precursor activities where relevant.

This engagement was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

3. CONCLUSION

Report Rating: **Requires Improvement**

Overall, the design and operating effectiveness of processes and controls related to monitoring and reporting of business and travel expenses requires improvement. Based on a sample of expense claims, instances were identified where expenditures deviated from the Standard and related policies.

Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Certain expenses were approved not in accordance with the Standard and related policies.	Operational		X	
2	Practices related to oversight and follow-up actions on reports identifying potential exceptions and non-compliance are inconsistent with the expectations outlined in the Standards.	Operational		X	
3	OPG's Standard does not provide detailed guidance over certain types of expenses, some of which have prescriptive requirements within the Directive.	Operational		X	
4	One instance was noted where an expense was not reported to the Office of the Integrity Commissioner ("ICO") and some instances were noted related to summation errors.	Operational			X
5	There is a lack of detailed vendor reporting for corporate card delinquency charges beyond 60 days.	Operational			X
Total		5	-	3	2

4. SUMMARY OF POSITIVE OBSERVATIONS

The following positive observations were noted during this engagement:

- Advancements have been made in automating processes and implementing preventative controls within SAP Concur ("Concur"), which has significantly reduced the number of errors and non-compliant requests from being approved. For example, the automation of meal allowances based on representation (i.e. management or represented employee) and preventing the possibility of expensing the same meal allowance multiple times within the same day;
- Management has automated the generation of employee expenses exception reports for post-approval review and follow-up. This was previously a manual and time-consuming process; and
- To further raise awareness of the expectations outlined in the Standard, Financial Services:
 - Has participated in the Leadership Onboarding & Orientation Program ("LOOP") for new management hires since March 2024, providing an overview of the Standard, information regarding Concur, and appropriate use of the corporate business expense card; and
 - Developed and rolled out the OPG Business Travel & Expense training course through MyPower software in July 2024.

¹ Please refer to Appendix A for risk rating definitions

24-11 Employees' Business and Travel Expenses

5. SUMMARY OF FINDINGS

1. Certain expenses were approved not in accordance with the Standard and related policies.		Moderate
Observation	Potential Impact	Management Action Plans
For a sample of expenses tested and based on analysis of relevant data, the following were approved expenses that were exceptions to the Standard and related policies: <i>A. Expense types that have prescribed limits or restrictions. Pre-approval and documented rationale are required for exceptions:</i> <u>Accommodation</u> <i>Lack of justification and insufficient rationale documented:</i> Accommodations were booked outside of the Concur tool without justification for the use of alternative booking platforms (e.g. Airbnb, Expedia), such as lower costs. IA noted the reimbursement of 305 claims for Airbnb and Expedia amounting to \$45,415, representing ~0.5% of total accommodation transactions within the review period. <u>Business Class Rail Travel</u> <i>Lack of written pre-approval:</i> Two separate expenses for \$367.25 each did not have pre-approval for business class travel instead of economy. This represents two out of 494 or 0.4% of the samples taken. <u>Purchase Card transactions</u> <i>Incorrect use of Purchase Card ("P-Card") instead of Corporate Amex Credit Card:</i> The <i>P-Card Procedure</i> (OPG-PROC-0064) outlines the intended use of P-Cards (i.e. for materials and services under \$100K) and that business and travel related expenses should be charged to corporate cards. To enforce this, select Merchant Category Codes ("MCC") for non-permitted expenses are blocked from purchases. Exceptions may be made with justification and approval from Finance Controllershship and Financial Services team, e.g. allowing overtime meal purchases at remote locations where corporate cards are not accepted. For a sample of 12 P-Card transactions that had incurred expenses for MCC categories that are normally blocked, IA noted the following exceptions: ○ A hotel booking of \$141.25 was made without evidence of approval; and ○ Three separate Purchase Cards were 'unblocked' with approval to allow for food purchases and overtime meals. However, one card was charged \$51 for gas/fuel expenses, another card purchased BBQ food items totalling \$943.14, and the last card had a group meal totalling \$3,058.26. While these purchases represent valid business expenses, due to their nature they should have been made on corporate cards.	Non-compliance with the eligibility requirements stated in the BT&E Standard and inappropriate use of Purchase Cards due to lack of enforcement of usage guidelines may result in the reimbursement of ineligible expenses, which could lead to non-compliance with the Standard/Directive, increased expenditures, and negative impact to OPG's social license.	Management will develop and communicate a plan to require mandatory completion of the OPG Business Travel & Expense training course for existing managers, administrative staff, and new hires, and for annual refresher training to be conducted to highlight changes to Concur and the Standard, as required. As part of the training, approvers will be reminded of their responsibility to thoroughly review expenses, exception reports, and take follow-up action. Action Owner: Bryan Shaddock, Director Accounting, Financial & Admin Services Target Completion Date: December 9, 2024 Management will revise the Standard to describe exception reports and related line management responsibilities in more detail, which will also be reviewed as a topic in the mandatory training. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: November 30, 2024 Management will develop quarterly reports that highlight significant exceptions, which will be provided to Enterprise Leadership Team ("ELT") members to action and follow up with support from Controllershship. Action Owner: Rob Eddy, Senior Manager, Transaction Processing

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24-11 Employees' Business and Travel Expenses

<i>B. Expense types that have prescribed limits or restrictions where exceptions are not allowed:</i> 4. <u>Retirement Celebrations</u> <i>Non-reimbursable expenses claimed:</i> 17 claims were approved related to retirement celebrations totaling \$724.31. Such expenses are not reimbursable per section 1.8.5 of the Standard, which refers to OPG-PROC-0207 <i>Employee Recognition</i>. 5. <u>Group Meals</u> <i>Claims exceeded prescribed limits:</i> Three group meal claims from a sample of 20 exceeded meal limits ranging from \$0.99 to \$7.62 in excess per person, for a total of \$1,597.24. In analyzing the samples, IA used an average rate of \$17.39 per person and assumed a 50%/50% attendance of the events by management and represented employees as the first sample was for group meals hosted by OPG and 700 meals were ordered for both OPG and external companies' representatives, the second was for an OPG event where 500 meals were ordered but a list of names was not included as part of the claim, and the third was for a group meal for five external consultants and one OPG employee. 6. <u>Meals Outside Canada</u> <i>Claims exceeded prescribed limits:</i> Six out of 12 sampled claims exceeded meal limits for the respective country, ranging from \$12.77 to \$39.68 CAD in excess per meal for a total of \$141.56. For the six instances, IA noted the following: • Three instances where employees used the rate of a large metropolitan city (e.g. Tokyo) in the country rather than the rate for the city they visited (e.g. Osaka/Other); and • Three instances where employees used an incorrect rate for the meal claims (e.g. used dinner meal limit for a breakfast claim).		Target Completion Date: February 28, 2025 Management will ensure that all P-Cards will remain blocked, and related communication will be sent to impacted employees. A semi-annual review will be conducted for unblocked P-Cards to ensure there remains valid and documented justification. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: November 15, 2024 Management will assess the implementation of additional controls and reporting capability in SAP Concur to prevent and detect user errors over group meals and facilitate compliance and exception reporting. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: February 28, 2025 Management will contact the relevant employees regarding the exceptions and will seek reimbursement. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: December 31, 2024

24-11 Employees' Business and Travel Expenses

2. Practices related to oversight and follow-up actions on reports identifying potential exceptions and non-compliance are inconsistent with the expectations outlined in the Standards.			Moderate
Observation	Potential Impact	Management Action Plans	
According to the Roles and Accountabilities set out in the Standard, Controllershship (Finance) is responsible for following up on identified instances of non-compliance, Financial Services (Shared Services) is responsible and accountable for providing advice and direction on interpretation and application of the Standard, and for reporting identified/detected instances of non-compliance or exceptions to management. Managers are responsible for taking appropriate action in cases of non-compliance. On a quarterly basis, Financial Services produces various exception reports. These reports identify a range of potential non-compliance items, such as duplicate meals and transactions, mobile expenses not processed through Supply Chain, personal expenses, miscellaneous expenses over \$300, approved delinquency charges, and a listing of expenses from non-recommended vendors. These reports are uploaded to databases that are accessible by line management and Finance Controllershship for review and action. Samples of the exception reports were reviewed, and it was noted that there is no evidence to support that exception reports were reviewed by senior leaders to ensure approvers were carrying out their responsibilities in accordance with the Standard. IA interviewed Controllershship and noted inconsistencies in following up with line management. A control exists whereby Financial Services reviews and holds from payment all expense reports greater than and equal to \$20K. IA tested a sample of related transactions and did not note any exceptions.	Inadequate follow-up on reported instances of potential non-compliant expenses may result in inappropriate reimbursements not being corrected, which could lead to non-compliance with the Standard/Directive, increased expenditures, and negative impact to OPG's social license.	Management will revise the Standard to clearly outline that line managers, instead of Controllershship, have direct accountability and responsibility to review the exception reports and follow up on exceptions. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: November 30, 2024 For a period of 12 months, Management will conduct a random sample of 10 exception reports on a quarterly basis. Key findings will be reported to the ELT for awareness. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: February 15, 2025	

24-11 Employees' Business and Travel Expenses

3. OPG's Standard does not provide detailed guidance over certain types of expenses, some of which have prescriptive requirements within the Directive.			Moderate
Observation	Potential Impact	Management Action Plans	
The following sections in the Directive were either not explicitly referenced in the Standard, or required more explicit guidance to achieve consistent application across the organization: <u>Reimbursable meals</u> Lack of information on minimum distance allowed: According to the Directive, a meal expense can be claimed if work is conducted during a meal period (i.e. lunch or dinner) and/or work is conducted at a location at least 24 kilometres away from an individual's base location. However, OPG's Standard states that a meal claim can be made "when the claimant is away from his or her regular work location on OPG business" and it does not specify a minimum distance. <u>Mileage claims</u> Lack of clarity on incremental mileage claims: The Standard states that "Mileage may be claimed when personal vehicles are used for 'incremental' travel and in accordance with collective agreements." The term 'incremental' lacks clarity and detail in providing consistent guidance on how business mileage should be calculated. According to management, the incremental mileage calculation should be: A) Distance from employee's home/starting point to destination <i>minus</i> B) Distance from employee's home/starting point to base location. Negative values would indicate that the travel is not subject to reimbursement. Total mileage claims for fiscal 2023 amounted to \$2.8 million, or 14% of total employee business expenses incurred during the same year. The data logged in Concur (i.e. starting and ending location) to calculate mileage is insufficient for IA to evaluate whether expenses complied with the calculation above without obtaining more information from requestors and approvers. Management had previously identified the lack of clarity on incremental mileage claims as an area requiring attention, and at the time of audit report issuance, has completed the management action plan to configure the Concur automated mileage calculation capability.	- The lack of clarity on the minimum distance eligible to claim meals may result in employees claiming meal expenses that do not meet the minimum distance expectations, leading to non-compliance with the Directive; and - Lack of clarity and guidance, over situations when mileage travelled is reimbursable, may lead to inconsistent reimbursement practices across business units and increased expenditures.	Management will update the Standard to align with the Directive, as follows: a) Include additional guidance on meal allowances by specifying the required 24km travel distance to claim meal expenses for management; b) Revise the mileage policy to provide a clear and detailed explanation of incremental travel; and Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: November 30, 2025 Management will work with stakeholders to configure the Concur tool so that the automated calculation of mileage based on the inputted data incorporates the incremental travel formula. Once completed, the change will be communicated to all employees. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: Completed – October 22, 2024	

24-11 Employees' Business and Travel Expenses

4. One instance was noted where an expense was not reported to the Office of the Integrity Commissioner ("ICO") and some instances were noted related to summation errors.			Low
Observation	Potential Impact	Management Action Plans	
The ICO requires the reporting of expenses of the Chief Executive Officer ("CEO") and their direct reports on a quarterly basis, and reporting of the 'Top 5 employees' with the highest total expenses semi-annually. During the review of ICO submissions, it was noted that expenses related to a training course amounting to \$1,908 for one CEO direct report (now a former employee) was not included in the Q3 2023 report to the ICO. Additionally, for the first semi-annual report submission of Top 5 employees for 2023, it was identified that the summarized totals for four individuals were incorrect. Supporting receipts and details are also provided as part of the submission, and these were complete; however, they were incorrectly tallied when calculating the total spend for the four noted individuals.	Inaccurate and incomplete reporting to the ICO regarding employee business expenses could lead to non-compliance with ICO requirements and negative impact to OPG's social license.	Management will notify the ICO of the error and will revise and resubmit the summarized total amount for the Top 5 employees for 2023, including all supporting receipts and details to facilitate their review. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: Completed – October 29, 2024. Management will update the reporting logic to pull from the source system (Concur) thereby ensuring summarized totals match expense claims. The first report will be generated in early 2025, and in the interim a cross-checking review process will be implemented. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: January 31, 2025	

24-11 Employees' Business and Travel Expenses

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5. There is a lack of detailed vendor reporting for corporate card delinquency charges beyond 60 days.			Low
Observation	Potential Impact	Management Action Plans	
Management receives reports listing aged delinquency charges from the corporate card vendor at the 45 and 60 day mark for action and follow-up. IA reviewed corporate cards with aged balances and noted that the corporate card vendor's '<i>60 Day Cardmember Delinquency</i>' report includes cancelled accounts dating back to 2001. Financial Services explained that the master data file cumulatively retains all corporate card accounts with delinquency balances, and accounts are not removed even if paid. The data file contains the original delinquency balance, which is not brought to zero even if paid in full. As a result, the information from the vendor that has historically and currently been provided to OPG may not provide adequate tracking or certainty on what has been paid, and what are net outstanding items. Typically, if the outstanding balance on corporate card is not settled by the due date (within 60 days), a delinquency charge is applied. Any corporate card account with an unpaid balance for more than 180 days is considered cancelled, and the vendor deducts the amount from rebates owed/to be paid to OPG for these charges. According to management, for 2023 the total rebate was ~\$92k.	Incomplete or unclear payment records for cancelled cards may create challenges for OPG in validating and tracking outstanding balances if disagreements arise with the corporate card vendor.	Management will run the aging delinquency report (greater than 61 days) on a monthly basis and will follow up with employees directly to ensure all outstanding balances are paid by the employee and OPG does not incur any costs. Action Owner: Rob Eddy, Senior Manager, Transaction Processing Target Completion Date: Completed – October 22, 2024	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

Aida Cipolla

Chief Financial Officer and Corporate Services Officer

Sarah Hough

Vice President, Shared Services

cc: Ken Hartwick	President & Chief Executive Officer
Ranjika Manamperi	Chief Information Officer
Alec Cheng	Senior Vice President, Chief Controller & Accounting Officer
Bryan Shaddock	Director, Accounting
Joseph Ng	Director, Internal Audit
Rob Eddy	Senior Manager, Transaction Processing
Anthony Ling	Senior Manager, Internal Audit
Anju Philip	Audit Associate
Samantha Priffer	Management & Professional Trainee

Internal Audit

Severe Weather Preparedness

July 19, 2024

Report Rating: **Requires Improvement**

1. BACKGROUND & OVERVIEW

The Renewable Generation (“RG”) Operations organization is responsible for operating and maintaining a diverse fleet of over 60 hydroelectric, thermal and solar generating facilities. RG facilities are located throughout the province of Ontario, including Kenora, Thunder Bay, Kapuskasing, Timmins, North Bay, Renfrew, Muskoka, Peterborough, Belleville and Niagara.

The risks presented by severe weather events may have a significant impact on the RG fleet, particularly as many facilities are located in remote areas that may face challenges in receiving timely assistance from first responders. In recent years, flooding events have occurred along the Sturgeon, Wanapitei, Mattagami, Ottawa, Muskoka and Mississippi Rivers, and a tornado damaged the Calabogie Generating Station.

The Dam & Public Safety team, responsible for overseeing dam safety, public safety and dam safety emergency management, has established policies, procedures and plans for hazard management, including severe weather events. An emergency management and communication structure is in place with response teams, internal communication channels, and external communication protocols defined. In addition to facility-level Emergency Preparedness and Response Plans (“EPRPs”), Dam Safety EPRPs have been established in which frequent exercises such as full-scale exercises, pre-freshet readiness workshops, tabletop exercises and call tests assist in hazard preparation. Following these exercises or real events, after action reports (“AARs”) are prepared to document the incident and highlight key lessons learned. Corrective action plans are required and developed for specific types of lessons learned.

This was a risk-based engagement defined in Internal Audit’s (“IA’s”) 2024 Audit Plan and was selected given the potential significant impact of severe weather events on OPG’s RG facilities.

2. OBJECTIVE & SCOPE

The objective of this audit was to assess the design and operating effectiveness of processes and controls addressing severe weather preparedness across RG.

The scope included activities from January 1, 2022 to March 31, 2024, and relevant precursor activities from prior periods where appropriate.

This engagement was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

3. CONCLUSION

Report Rating:

Requires Improvement

Overall, the design and operating effectiveness of controls and processes addressing severe weather preparedness across RG require improvement. Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	Both Dam Safety and Facility-Level Emergency Preparedness & Response Plans ("EPRPs") do not contain plans or procedures for handling certain adverse weather conditions, including wildfires.	Operational	X		
2	Assessments of post-exercise and real event observations in After Action Reports ("AARs") focused solely on items mandated by prescribed governance without considering their impact, while Corrective Action Plans ("CAPs") were not added to the RG tracking module in a timely manner.	Operational		X	
3	Some governance provisions related to the conduct of tabletop exercises were not followed.	Operational			X
4	Communications with external stakeholders were inconsistently or inadequately performed.	Operational			X
Total		4	1	1	2

4. SUMMARY OF POSITIVE OBSERVATIONS

The following positive observations were noted during this engagement:

- The "all-hazards" tabletop exercises in Spring 2024, facilitated by the Dam & Public Safety team and involving all regions across RG, observed that participants were engaged, proactively identified both site-specific and fleet-wide challenges, and embraced continuous improvement by noting areas for further sustainment.
- The template for AARs was improved to better summarize observations, opportunities for improvement, findings and corrective action plans.

¹ Please refer to Appendix A for risk rating definitions

5. SUMMARY OF FINDINGS

1. Both Dam Safety and Facility-Level EPRPs do not contain plans or procedures for handling certain adverse weather conditions, including wildfires.			High
Observation	Potential Impact	Management Action Plans	
Section 4.16 of Standard 8, <i>Standard for Dam Safety Emergency Preparedness and Response Plans ("EPRPs")</i>, states that "the Dam Safety EPRP should identify plans, procedures and equipment available to deal with situations under adverse weather conditions, such as extreme cold, snow, and rainstorm conditions." The 2024 "all-hazards" tabletop exercises attended by IA emphasized the importance of these plans, as facilitators asked participants about their existence (e.g., high winds/freezing rain in Niagara and Southwest Operations; wildfires in Northeast, Northwest and Southeast Operations). Despite engagement from participants, it was noted that none from each of the five RG operational groups were able to demonstrate knowledge of established procedures/policies for the weather conditions in question. In reviewing a sample of 16 facility-level EPRPs, it was noted that none contained adverse weather-related plans or procedures. Further, in a sample of eight out of 25 Dam Safety EPRPs across the RG operational groups, it was noted that while each of these contained plans and procedures for flood conditions, only five contained plans and procedures for snow conditions, and none had plans or procedures for other extreme weather events (e.g., extreme cold, wildfires, high winds and tornados/hurricanes). While the Dam & Public Safety organization has an all-hazards approach to emergency preparedness, the unpredictability of severe weather events necessitate more targeted plans for specific events which certain river systems or facilities may be susceptible to (e.g., wildfires in northern Ontario and high wind events in southern Ontario). This had been identified as an opportunity for improvement ("OFI") by Management in both the 2022 and 2024 wildfire tabletop exercises, as well as a lesson learned from the response to forest fires near the Kipling Generating Station ("GS") in September 2023, but CAPs to ensure that such plans would be developed where considered appropriate had not been recorded.	Recovery efforts to mitigate business disruptions, asset damage, and/or employee injury may be impacted if facilities do not have plans or procedures for specific severe weather incidents.	Management will review which regions require specific plans and procedures for certain severe weather events, based on readiness discussions, experience from recent events, and routine exercises in consideration of regional risk profiles. Prior to the Target Completion Date, each RG operation group will identify back to the Director, Dam & Public Safety what specific plans and procedures (if any) are required to be prepared along with proposed timelines. By the Target Completion Date, timelines for completion of the plans and procedures will be mutually agreed to by the operation group management and the Director, Dam & Public Safety. Action Owner: Jarrod Malenchak, Director, Dam & Public Safety Target Completion Date: January 1, 2025	

2. Assessments of post-exercise and real event observations in After Action Reports focused solely on items mandated by prescribed governance without considering their impact, while Corrective Action Plans were not added to the RG tracking module in a timely manner.			Moderate																
Observation	Potential Impact	Management Action Plans																	
In reviewing the governance and practices associated with AARs and CAP tracking, the following was noted: <i>Impacts are not considered when categorizing post-exercise and real event observations</i> Section 11.2.5.3 of Standard 11, <i>Emergency Management and Communication Structure</i>, identifies three categories of post-exercise/real event observations in AARs, as follows: <table border="1"> <thead> <tr> <th>Category</th><th>Governance</th><th>Impact</th><th>Corrective Action</th></tr> </thead> <tbody> <tr> <td>Opportunity for Improvement ("OFI")</td><td>Not described or requirement is unclear in terms of governance.</td><td>Minor impact not significantly affecting response or recovery. Maybe addressed through a clarification of OPG governance leading to improvements in plans.</td><td>OFI to be included in the corrective action plan at management's discretion</td></tr> <tr> <td>Finding</td><td>Described in governance.</td><td>Non-compliance which may affect OPG response or recovery efforts and requires corrective actions beyond improvements in OPG governance documents.</td><td>Corrective action plan required.</td></tr> <tr> <td>Significant Finding</td><td>Described in governance.</td><td>Non-compliance leading to regulatory violation or contravening an agreement with external stakeholder.</td><td>Corrective action plan required.</td></tr> </tbody> </table> Inquiries of Management indicated that the primary criteria for assessing an observation as a Finding/Significant Finding versus an OFI is whether it is mandated by prescribed governance, rather than an assessment of the potential impact of the observation. By not considering the potential impact associated with observations, this process contributed to wildfire preparedness plans, including associated actions such as training of employees and equipment requirements for fire protection, not being established for regions in RG that are at greater risk for wildfires, as highlighted in finding 1. <i>CAPs were not added to AS9 for tracking in a timely manner</i> The RG <i>Corrective Action Management</i> governance (RG-PROC-AS-0002) requires CAPs to be added to AS9 for action tracking. During the audit, it was noted that CAPs for certain AARs had not been documented in AS9 in a timely manner, with some being documented seven months after the completion of the associated AARs. While Management commenced discussions in May 2024 to add a provision to RG-PROC-AS-0002 to require CAPs from AARs to be documented in AS9 within 90 days of the AAR report, this revision has not been finalized as of the date of this audit report.	Category	Governance	Impact	Corrective Action	Opportunity for Improvement ("OFI")	Not described or requirement is unclear in terms of governance.	Minor impact not significantly affecting response or recovery. Maybe addressed through a clarification of OPG governance leading to improvements in plans.	OFI to be included in the corrective action plan at management's discretion	Finding	Described in governance.	Non-compliance which may affect OPG response or recovery efforts and requires corrective actions beyond improvements in OPG governance documents.	Corrective action plan required.	Significant Finding	Described in governance.	Non-compliance leading to regulatory violation or contravening an agreement with external stakeholder.	Corrective action plan required.	By only assessing observations by reference to whether the requirement is described in governance (i.e. a non-conformance), observations which could have a significant impact on OPG's facilities, environment and people may not be addressed in a timely manner. Not documenting CAPs in the work management system in a timely manner may lead to delays in implementing corrective actions.	Management will: - Update Section 11.2.5.3 of Standard 11 to ensure that the impact from observations in the AARs are given more prominence when defining observation categories; - Update governance to ensure that AARs clearly indicate which actions (i.e., CAPs) will be undertaken as an outcome of the report and all observations have been clearly dispositioned; and - Review existing Emergency Management OFIs to determine if any should be elevated to "Finding" or "Significant Finding" based on their impact, and document CAPs as appropriate. Action Owner: Jarrod Malenchak, Director, Dam & Public Safety Target Completion Date: October 15, 2024 If the proposed update to RG-PROC-AS-0002 requiring CAPs to be created within 90 days of the After Action Report does not come into fruition, Dam & Public Safety Management will include in their governance clarifying that the CAPs are to be created within 90 days with an action plan identifying deliverables and target completion dates. Action Owner: Jarrod Malenchak, Director, Dam & Public Safety Target Completion Date: October 15, 2024	
Category	Governance	Impact	Corrective Action																
Opportunity for Improvement ("OFI")	Not described or requirement is unclear in terms of governance.	Minor impact not significantly affecting response or recovery. Maybe addressed through a clarification of OPG governance leading to improvements in plans.	OFI to be included in the corrective action plan at management's discretion																
Finding	Described in governance.	Non-compliance which may affect OPG response or recovery efforts and requires corrective actions beyond improvements in OPG governance documents.	Corrective action plan required.																
Significant Finding	Described in governance.	Non-compliance leading to regulatory violation or contravening an agreement with external stakeholder.	Corrective action plan required.																

3. Some governance provisions related to the conduct of tabletop exercises were not followed.			Low
Observation	Potential Impact	Management Action Plans	
A review of the relevant policies, procedures and plans for severe weather preparedness noted the following: <i>All-hazards tabletop exercises not documented in governance</i> Section 5.8 of Standard 8 details the frequency, participant, objective and process requirements for call tests, “classic” tabletop exercises, pre-freshet readiness workshops and full-scale exercises. It was noted that a variation of pre-freshet readiness workshops which considered an all-hazards approach commenced in 2022; however, these “all-hazards” tabletops are not yet documented in governance. <i>External copyholders not invited to “classic” tabletops</i> Section 5.8.2 of Standard 8 outlines the requirements for external copyholders – specific individuals identified by OPG as having a direct role to play in acting in a dam safety emergency, who have a controlled copy of OPG’s external EPRP in order to assist them in preparing their response – as they relate to “classic” tabletop exercises: • Subsection (2) states that internal and external copy holders should be invited to participate; and • Subsection (3) states that normal objectives should be to familiarize internal and external copyholders with OPG’s Dam Safety EPRP and to verify the EPRP’s external roles and responsibilities are consistent with external copyholders. In two of the three “classic” tabletop samples reviewed, it was noted that external copy holders were not invited; however, tabletops were conducted at coordination/stakeholder meetings, which external copyholders attended. <i>Lack of consistency in facilitation of all-hazards tabletop exercises</i> The “all-hazards” tabletop exercises attended by IA featured general questions by facilitators to participants and included scenario discussions. Although there were engaging conversations on various severe weather-related topics, facilitators did not consistently clarify requirements per OPG standards or best practice following these questions or discussions.	The absence of specific governance for “all-hazards” tabletop exercises may result in unclear objectives and an inability to demonstrate due diligence. Situations where practice differs from governance may lead to ambiguities, especially during phases of personnel transitions. Lack of clarification of requirements during all-hazard tabletop exercises may result in unintended differences between exercises.	Management will update governance as follows: • Create an “all-hazards” tabletop subsection which details frequency, participant, objective and process requirements; • Revise the language regarding the invitation of external copy holders to “classic” tabletops in Section 5.8.2 of Standard 8; • Clarify the inclusion of tabletop exercises at coordination/stakeholder meetings in Section 5.7; and • Document clear instructions for facilitators on what should be done after questions or discussions occur during exercises to provide a reasonably consistent result. Action Owner: Jarrod Malenchak, Director, Dam & Public Safety Target Completion Date: December 31, 2024	

4. Communications with external stakeholders were inconsistently or inadequately performed.			Low																					
Observation	Potential Impact	Management Action Plans																						
A review of the relevant policies, procedures and plans for severe weather preparedness noted the following: <i>Incomplete discussion of required items at coordination/stakeholder meetings</i> Section 5.7 of Standard 8 states that RG Operations groups are to arrange coordination/stakeholder meetings with external copy holders every two years, where six specific requirements are to be discussed. In reviewing meeting minutes from the latest coordination/stakeholder meetings in each of the five RG operational groups, IA noted that not all requirements were discussed, as follows: <table><tr><th>#</th><th>Requirement</th><th>Investigation Results (Past 2 Years)</th></tr><tr><td>1</td><td>OPG's Dam Safety EPRP external notification plan.</td><td>Performed in 4 of the 5 RG operational group meetings.</td></tr><tr><td>2</td><td>The Communications Flow Chart for external stakeholders.</td><td>Performed in 3 of the 5 RG operational group meetings.</td></tr><tr><td>3</td><td>The Dam Safety EPRPs roles/responsibilities for external stakeholders.</td><td>Performed in 3 of the 5 RG operational group meetings.</td></tr><tr><td>4</td><td>The process for external stakeholders to notify OPG of a dam safety event when they are the first one to become aware of it.</td><td>Performed in 5 of the 5 RG operational group meetings.</td></tr><tr><td>5</td><td>The results of OPG Dam Safety EPRP exercises carried out in the interval between meetings.</td><td>Performed in 4 of the 5 RG operational group meetings.</td></tr><tr><td>6</td><td>Updates/revisions to OPG's Dam Safety EPRP.</td><td>Performed in 4 of the 5 RG operational group meetings.</td></tr></table> One specific RG operational group did not perform 5 out of the 6 required discussion items for coordination/stakeholder meetings. <i>Evidence to support communication to external agencies for the resumption of normal operations not available</i> Section 3.3.4 of Standard 11 states that when deactivating Emergency Operations Centres ("EOCs"), one priority is to notify external agencies that the EOC is being deactivated. In reviewing communications performed during the 2022 English River Dam Safety Event, it was noted that the Dam Safety team could not provide evidence to support that external agencies were notified when the Code Yellow changed to Code Green for normal operations.	#	Requirement	Investigation Results (Past 2 Years)	1	OPG's Dam Safety EPRP external notification plan.	Performed in 4 of the 5 RG operational group meetings.	2	The Communications Flow Chart for external stakeholders.	Performed in 3 of the 5 RG operational group meetings.	3	The Dam Safety EPRPs roles/responsibilities for external stakeholders.	Performed in 3 of the 5 RG operational group meetings.	4	The process for external stakeholders to notify OPG of a dam safety event when they are the first one to become aware of it.	Performed in 5 of the 5 RG operational group meetings.	5	The results of OPG Dam Safety EPRP exercises carried out in the interval between meetings.	Performed in 4 of the 5 RG operational group meetings.	6	Updates/revisions to OPG's Dam Safety EPRP.	Performed in 4 of the 5 RG operational group meetings.	Incomplete discussion of required topics at coordination/stakeholder meetings may lead to external copy holders lacking a comprehensive understanding of the expectations surrounding OPG's Dam Safety EPRPs. External agencies not being informed about the deactivation of EOCs may lead to misalignment, potentially diminishing the relationship with the stakeholders.	Management will create an outline document to be used when planning coordination/stakeholder meetings, which references the six discussion requirements required by Standard 8. Action Owner: Jarrod Malenchak, Director, Dam & Public Safety Target Completion Date: December 31, 2024 Management will review and update CAL 76288 to stress the necessity of retaining communications to external agencies when internal response centres are set up during EPRP activations, as mandated by Standard 11. Action Owner: Jarrod Malenchak, Director, Dam & Public Safety Target Completion Date: June 30, 2025	
#	Requirement	Investigation Results (Past 2 Years)																						
1	OPG's Dam Safety EPRP external notification plan.	Performed in 4 of the 5 RG operational group meetings.																						
2	The Communications Flow Chart for external stakeholders.	Performed in 3 of the 5 RG operational group meetings.																						
3	The Dam Safety EPRPs roles/responsibilities for external stakeholders.	Performed in 3 of the 5 RG operational group meetings.																						
4	The process for external stakeholders to notify OPG of a dam safety event when they are the first one to become aware of it.	Performed in 5 of the 5 RG operational group meetings.																						
5	The results of OPG Dam Safety EPRP exercises carried out in the interval between meetings.	Performed in 4 of the 5 RG operational group meetings.																						
6	Updates/revisions to OPG's Dam Safety EPRP.	Performed in 4 of the 5 RG operational group meetings.																						

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

Nicolle Butcher

Chief Operations Officer

Nicholas Pender

Senior Vice President, Renewable Generation

cc:	Ken Hartwick	President & Chief Executive Officer
	Aida Cipolla	Chief Financial Officer & Corporate Services Officer
	Brian Dietrich	Vice President, Regional Operations
	Nicole Fabbro	Vice President, Regional Operations
	Bruce Robertson	Vice President, Regional Operations
	Adam Chiarandini	Director, Enterprise Risk Management
	Jarrold Malenchak	Director, Dam & Public Safety
	Judy Tan	Director, Internal Audit
	Holly Hampton	Senior Manager, Technology & Dam Safety
	Mandy Yu	Senior Manager, Internal Audit
	Neal Sengupta	Manager, Internal Audit

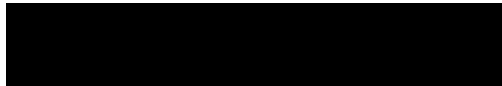


Internal Audit

Security Incident and Crisis Management Audit

February 7, 2025

Report Rating:



1. BACKGROUND & OVERVIEW

The *Safe Operations Policy* (“the Policy”), OPG-POL-0032, provides the overarching framework that serves as a basis for programs and procedures addressing security crises and incidents. The *Enterprise Security Program* (OPG-PROG-0035) derives its authority from the Policy, as it supports the protection of assets by ensuring security readiness, response capability, and implementation of the Enterprise Security Managed System Program Model. The Managed System Approach involves security planning, implementation, program evaluation, and management review initiatives to ensure the Enterprise Security Program is effectively maintained.

The *Crisis Management and Communications Centre (“CMCC”) Procedure* (OPG-PROC-0028) derives its authority from OPG-PROG-0030 *Emergency Management Program*, and the purpose is to provide a framework for the highest level of response to significant incidents that require executive level leadership and decision-making. The *Violence Free Workplace Procedure* (OPG-PROC-0075) covers incidents of workplace violence, which also includes security threats from internal sources (e.g. OPG employees).

The Security Incident and Crisis Management audit was identified in Internal Audit’s (“IA”) 2024 Audit Plan, selected given the profile of previous industry and OPG security and safety-related incidents that have occurred.

2. OBJECTIVE & SCOPE

The objective of this audit was to assess whether processes and controls were designed and operating effectively to enable OPG management to manage and respond to security-related incidents or crises stemming from internal or external physical threats in a timely and effective manner.

The audit scope included activities from November 1, 2023 to October 31, 2024, and some precursor activities where relevant.

This engagement was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

3. CONCLUSION

Report Rating:

[REDACTED]

Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1					
2					
3					
Total					

4. POSITIVE OBSERVATION

In addition to issuing automated reminders through the Training Information and Management System (“TIMS”) tool to notify CMCC members of their mandatory requalification requirements, the Enterprise Emergency Management (“EEM”) team ensures compliance by conducting follow-ups until the training is successfully completed. All CMCC members were found to have completed the required training as part of this audit.

¹ Please refer to Appendix A for risk rating definitions

[illegible]

Observation	Potential Impact	Management Action Plans	
Accountability and a process for tracking and managing actions arising from recommendations from incident reports and TRAs should be clearly outlined in governance and include assignment of owners and target completion dates.			
IA reviewed recommended actions from sampled incident reports and noted the following observations:			

[illegible]

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision-making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

	Number of Findings			
Finding Risk Rating	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Zar Khansaheb

Senior Vice President, Integrated Fleet Management

Nicholas Pender

Senior Vice President, Renewable Generation & Energy Markets

Andy Owen

Vice President Security, Emergency & Training

cc:

Nicolle Butcher	President & Chief Executive Officer
Shelley Babin	Chief Operations Officer
Aida Cipolla	Chief Financial Officer & Corporate Services Officer
Alec Cheng	Senior Vice President, Chief Controller & Accounting Officer
Aubrey Au	Director, Programs & Strategy
Adam Chiarandini	Director, Enterprise Risk Management
David J. Dickey	Director, Emergency Management & Fire Protection
Joseph Ng	Director, Internal Audit
Scott Preston	Director, Emergency Management & Fire Protection
Anthony Ling	Senior Manager, Internal Audit
Robyn Way	Senior Manager, Contracts & Stakeholder Relations
Adesola Busari	Manager, Internal Audit
Jacob Xu	Senior Auditor, Internal Audit



Internal Audit

Pension and Benefits Administration

July 25, 2025

Report Rating: **Requires Improvement**

1. BACKGROUND & OVERVIEW

The administration of OPG's pension and benefits plans (the Plans") includes the management of the defined benefit pension plan and other benefit coverages (e.g. health, dental, life insurance etc.). The Pension and Benefits group within the Human Resources ("HR") department, along with HR Services, administers these Plans in accordance with the pension plan texts, employee benefit booklets and applicable legislation for Management and represented employees.

OPG engages external vendors (i.e. service organizations) for the administration of pension and benefit coverages to eligible employees, deferred vested members, pensioners, and beneficiaries in receipt of monthly pension (collectively known as "members"). These vendors include TELUS Health for the pension plan and Sun Life Financial ("SLF") for benefits.

System and Organization Controls Type 1 ("SOC 1") reports, issued under Canadian Standard on Assurance Engagements 3416 ("CSAE 3416"), cover controls at service organizations that are likely to be relevant to user entities' (e.g. OPG) Internal Controls over Financial Reporting ("ICOFR"). Complementary User Entity Controls ("CUECs") are controls that are expected to be implemented by a user entity to effectively rely on the service organization controls identified in the SOC 1 report. For OPG, the SOC 1 reports provided by TELUS Health and SLF are reviewed by the Pension and Benefits group to identify potential control exceptions/issues at the service organizations and assess impact to associated ICOFR controls and the services provided.

According to the 2023 Pension report to members, OPG's Pension Plan consisted of 7,930 active members. Its assets were valued at \$15.9 billion and liabilities at \$13.7 billion, leading to a surplus of \$2.2 billion based on a going concern valuation basis.

This was a risk-based engagement identified in Internal Audit's ("IA") 2025 Audit Plan, selected due to the significance of controls supporting pension and benefits administration in mitigating the risks of processing inaccuracies, delays, and potential fraud.

2. OBJECTIVE & SCOPE

The objective of this audit is to assess the design and operating effectiveness of processes and controls for pension and benefits administration to ensure accuracy, completeness, and timely processing of pensions and benefits to eligible members.

The scope included activities from June 1, 2024 to May 31, 2025.

This engagement was conducted in accordance with the Global Internal Audit Standards.

3. CONCLUSION

Report Rating: **Requires Improvement**

Overall, the design and operating effectiveness of processes and controls for pension and benefits administration to ensure accuracy, completeness, and timely processing of pensions and benefits to eligible members require improvement. Key observations identified during the engagement are summarized below:

No.	Finding	Risk Type	Risk Rating ¹		
			High	Moderate	Low
1	A pension entitlement audit has not been performed since it was first conducted in 2019, increasing the risk of pension payments to deceased pensioners. Documentation is not required to support changes to pensioners' banking records or the enrolment of spouses and dependents for benefits, including any subsequent changes.	Social License / Financial / Operational / Fraud	X		
2	Complementary User Entity Controls ("CUECs") required by vendors engaged by OPG to administer pension and benefits coverages have not been fully assessed for applicability, relevance and effective implementation. Control deficiencies identified in vendor SOC 1 reports were dispositioned without documented rationale.	Operational		X	
3	Some P&B Standard Operating Procedures ("SOPs") are not current and do not address all processes.	Operational		X	
Total		3	1	2	-

4. SUMMARY OF POSITIVE OBSERVATIONS

The following positive observations were noted during this engagement:

- Since Q2 2025, the Pension and Benefits ("P&B") group has utilized Service Hub to standardize and digitize enrolment requests for employee events to increase data accuracy and security, enhance productivity and ownership, and monitor performance in real-time; and
- As part of its efforts to continuously improve administration of the benefits plan, the P&B group has strengthened its collaboration with OPG Security on investigations related to potential benefits fraud.

¹ Please refer to Appendix A for risk rating definitions

5. SUMMARY OF FINDINGS

1. A pension entitlement audit has not been performed since it was first conducted in 2019, increasing the risk of pension payments to deceased pensioners. Documentation is not required to support changes to pensioners' banking records or the enrolment of spouses and dependents for benefits, including any subsequent changes.			High
Observation	Potential Impact	Management Action Plans	
<u>Pension entitlement audits</u> Pension entitlement audits (also known as “alive and well audits”, “life audits” or “retiree and survivor audits”), are considered typical industry governance practices that help ensure pension benefits are paid to the correct individuals. Letters are sent to all pensioners asking them to respond with their signatures to certify that they are alive. Individuals who did not respond within the predetermined timeframe will have their pension suspended until they confirm their status. These audits, or equivalent retiree/survivor verification processes, while not explicitly mandated by the Ontario <i>Pension Benefits Act</i> (“PBA”) as enforced by the Financial Services Regulatory Authority of Ontario (“FSRA”), support the PBA requirement to maintain complete and accurate member records and help protect the financial integrity of pension plans. Many administrators of Canadian pension plans, including those registered with the FSRA, regularly conduct these audits, with some on a fixed interval (such as annually or biennially), while others carry out routine verification on a random sample of pensioners in lieu of a full audit. IA noted that OPG conducted an alive and well audit once in 2019, resulting in the identification of deceased pensioners and pensioners who did not respond to the audit for over two years and presumed deceased. Management indicated that the intention was to conduct the audit every five years with another one to be performed in 2024; however, in 2024 a business decision was made to defer this until after the implementation of the Human Resources Information System (“HRIS”) scheduled for Q4 2025. In evaluating options and vendor performance from 2019, Management decided to permanently contract out pension payroll to a vendor that includes the “alive and well” service to be performed annually. As a result, the life audit did not take place in 2024 as planned, and contracting out is expected to take place on January 1, 2026. Between life audits, the P&B group relies on survivors or estate representatives to notify OPG of the death of a pension member or survivor.	Failure to verify pension entitlements on a regular basis may result in heightened fraud risk and continued payments to ineligible individuals, which could lead to financial exposure, reduced plan integrity, non-compliance with fiduciary obligations, and negatively impact OPG’s social license.	Management will review the identified overpayment cases and initiate recovery actions. Action Owner: Wendy Leung, Senior Manager, P&B Target Completion Date: August 30, 2025 Management will: • Issue letters to pensioners over 90 years of age as soon as practically possible using TELUS Health, the existing service provider, and conduct the alive and well audit on this subset of the population; • Initiate a process to secure a vendor to perform “alive and well” audits; and • Define an appropriate interval for the conduct of future alive and well audits through this vendor which is understood to be annual based on vendor proposals and management preference. Action Owner: Wendy Leung, Senior Manager, P&B Target Completion Date: October 15, 2025	

25-09 Pension and Benefits Administration

IA conducted high-level testing², which identified three deceased individuals that have been receiving pension payments from OPG in July 2025, as follows:

Deceased Pensioners	Date of Death	Amount Paid (since death)
Individual A	October 28, 2020	\$25,600
Individual B	April 5, 2023	\$16,949
Individual C	September 3, 2024	\$36,039

As IA's testing was limited, it is not known whether there are other deceased pensioners or survivors beyond those listed above. As of January 2025, OPG has 13,252 pensioners and/or surviving spouses, with 29 over 100 years old, and 575 between 90 to 100 years old, representing a total of 4.6% of retirees / survivors.

Changes to pensioners' banking records

FSRA's guidance on pension administrator responsibilities includes maintaining complete and accurate records that support timely and accurate benefit payments.

Pensioners call OPG's HR Service Centre to communicate changes to banking information. After the pensioner completes the authentication process (i.e. responding to security questions covering personal identifiers such as full name, date of birth, postal code and phone number), the HR staff captures the new banking information in the system as provided by the pensioner. While OPG completes an authentication process, pensioners are not required to provide documentation such as a void cheque or direct deposit form to support the changes to the banking information.

Benefits enrolment / entitlement of spouses and dependents

For plan member updates, the corresponding CUEC within the SLF SOC 1 report states that "plan sponsors are responsible for sending accurate and authorized updated member information to SLF on a timely basis including new members, changes to members and terminated members". IA noted that OPG does not require employees to submit documentation to support spouse and dependent information submitted for benefits enrolment, or when there are changes subsequent to the initial enrolment, as they rely on the Code of Business Conduct training and management attestations affirming compliance. In contrast, employees are required to provide an annual attestation of school enrolment for dependents over the age of 19.

IA noted a case of overpayment to an ineligible spouse amounting to \$15K which is in the process of being recovered from the employee. This case was previously identified by Management, and recovery of overpayment is in progress.

Not requiring documentation such as a void cheque or direct deposit form to support banking information changes may increase fraudulent activities (e.g. ineligible beneficiaries directing pension payments to their own bank accounts after the pensioners' death).

Not requiring the submission of documents to support spouse / dependent eligibility during benefits enrollment may result in benefits being provided to ineligible individuals, which could lead to inefficient use of plan assets.

Management will perform a cost-benefit analysis to evaluate the merits of requiring pensioners to submit documentation to support changes to banking information, and determine the appropriate course of action based on the results of the analysis.

Action Owners: Wendy Leung, Senior Manager, P&B and Candice MacLennan, Senior Manager, HR Pay Support Services
Target Completion Date: October 15, 2025

Management will perform a cost-benefit analysis to evaluate the merits of requiring new employees to provide supporting documents for their spouses and/or dependents upon benefits enrolment, or when there are changes subsequent to the initial enrolment made by existing employees, and determine the appropriate course of action based on the results of the analysis.

Action Owner: Wendy Leung, Senior Manager, P&B
Target Completion Date: October 15, 2025

² For testing purposes, IA performed an online search using annuitants' names for obituary information based on a "haphazard" sample of pensioners at and above the age of 83, as the annuitants' full names are not always recorded in OPG's HR systems and surviving family members may not always post online obituary for the deceased.

25-09 Pension and Benefits Administration

2. Complementary User Entity Controls (“CUECs”) required by vendors engaged by OPG to administer pension and benefits coverages have not been fully assessed for applicability, relevance and effective implementation. Control deficiencies identified in vendor SOC 1 reports were dispositioned without documented rationale.			Moderate
Observation	Potential Impact	Management Action Plans	
SOC 1 reports for TELUS Health and SLF are reviewed and signed off by the OPG process owner annually as part of the ICOFR program. CUECs are a standard and required component of SOC 1 reports, as they indicate that certain control objectives within the reports can only be achieved if CUECs assumed in the design of the Service Organization (“SO”) controls are suitably designed and operating effectively, along with related controls at the SO. Under this shared responsibility model, when exceptions in the SOC 1 reports indicate control deficiencies identified at the SO, effective corresponding CUECs will help mitigate risks to the user entity of the deficiencies that exist at the SO. <u>Mapping of CUECs to OPG Controls</u> While the 2024 SOC 1 reports were signed off as reviewed as part of ICOFR controls and P&B Management has a process document that identify the steps to be taken when performing a SOC 1 report review, IA noted the following observations: - The expectation for P&B personnel to review all identified CUECs and to ensure OPG has the corresponding controls in place are not identified in the process document; - A mapping of all CUECs from the SOC 1 reports to existing OPG controls, along with identification and acknowledgement of responsibilities by control owners, has not been performed; and - All CUECs identified in the SOC 1 reports have not been reviewed to assess whether they are applicable to the services used by OPG. Subsequent to IA's identification of the issue, Management initiated the mapping of CUECs to existing controls; however, IA noted that not all CUECs identified in the SOC 1 reports have been fully assessed for their applicability to the services used by OPG. While the CUECs have been mapped to controls and control owners within OPG, confirmation and acknowledgement of responsibilities from the designated control owners have not been obtained. Additionally, a review has not been performed to validate whether all the controls are appropriately designed to address the required responsibilities or whether they are operating as intended. <u>Assessment and disposition of SO control deficiencies</u> The existing P&B procedures do not include a requirement for the P&B reviewer to document criteria used to assess deficiencies identified on the SOC 1 reports and provide rationale to support disposition of the deficiencies. IA noted that the SOC 1 reports for SLF and TELUS Health included 13 control deficiencies, and in all cases the P&B reviewer dispositioned the deficiencies with the comment “no impact to OPG”; however, the criteria used for the assessment and the rationale on the “no impact” conclusion were not documented. As CUECs were not assessed when the SOC reports were reviewed, the impact of the control deficiencies identified at the two SOs on existing CUECs has not been determined.	Failure to review, validate and implement CUECs may result in key control activities not being performed, reducing the effectiveness and reliability of the services rendered by vendors. When CUECs are not in place, and especially when deficiencies also exist in SO controls, the risk of control failure increases significantly. In such cases, SOs may also limit their liability, leaving OPG exposed to operational and compliance risks. Lack of documented criteria and rationale to support the assessment and disposition of SO control deficiencies may lead to inconsistent or incomplete evaluation of potential risks to OPG.	Management will: - Update the existing P&B process document on the review of SOC 1 reports to: - Include the requirement to review CUECs; and - Require documentation of criteria used and rationale to support disposition of SO control deficiencies identified in the SOC 1 report; - Assess CUECs for applicability to OPG, map applicable CUECs against existing controls, identify owners for control execution and obtain acknowledgment to confirm responsibility acceptance for controls execution; - Review effectiveness of CUECs with relevant stakeholders (frequency to be defined in mapping document) to address any gaps where applicable and retain documentation as evidence of these reviews including any resulting actions; and - Use the updated process document in the review of the 2025 SOC 1 reports. Action Owner: Wendy Leung, Senior Manager, P&B Target Completion Date: January 15, 2026	

25-09 Pension and Benefits Administration

3. Some P&B Standard Operating Procedures (“SOPs”) are not current and do not address all processes.			Moderate
Observation	Potential Impact	Management Action Plans	
OPG-STD-0001 <i>Requirements for Administrative Governance Documents</i> indicates that a Line of Business should define governance that meets the minimum requirements of their business and obligations. FSRA's <i>Interpretation Guidance on Pension plan administrator roles and responsibilities</i>, section 5 Fiduciary duties, dated June 5, 2024, states that “in determining whether the administrator’s standard of care has been met, attention is paid to policies and procedures put in place by the administrator and how they were followed in the course of administering the plan. Appropriate policies and procedures, including written records of administrator decisions and activities, can help ensure and demonstrate that in respect of decision-making, only proper factors are considered.” IA noted that the overarching <i>Human Resources Program</i> (OPG-PROG-0040) establishes the requirements, objectives, and commitments for the HR function within OPG, and provides high level direction on all HR functions including HR strategy, recruitment and onboarding, workforce planning and analytics, compensation and benefits, labour relations. OPG-PROG-0040 does not include any procedures specific to P&B. IA noted that while departmental SOPs are available to guide staff on P&B practices, some of the SOPs are not up to date. The SOPs also do not address P&B processes including: • Reconciliation of pension plan membership between TELUS Health and OPG records; • Management of access to the TELUS Health portal; and • Performance of life audits. As SOPs are not formal governance documents, a process to manage changes / updates to the documentation has not been defined. Management had launched an initiative late 2024 to update SOPs, which have been included in the 2025 performance objectives for the team. As of Q2 2025, 28 of the 55 SOPs are scheduled for update during the remainder of 2025.	Without formal governance, OPG may be unable to adequately demonstrate that staff understand their roles and responsibilities, and that decisions and plan administration reflect the required standard of care and align with documented policies and procedures. The absence of well-defined, up-to-date procedures may lead to process ambiguity and unclear accountabilities, which may affect the timely and effective completion of deliverables and knowledge transfer during staff turnover. SOPs may be modified by employees without authorization as document change control procedures are not in place.	Management will: • Refine and update the P&B program SOPs as part of the 2025 department performance objectives; • Expand the 2024 P&B process review initiatives to assess the need to adopt document change control for SOPs in accordance with OPG governance framework; and • Provide the updated P&B program SOPs to relevant HR stakeholders. Action Owner: Wendy Leung, Senior Manager, P&B Target Completion Date: December 31, 2025	

APPENDIX A – RATING DEFINITIONS FOR AUDIT REPORTS

Finding: *Noted deficiency with potential impacts to the achievement of business unit/process area objectives, assessed using the following criteria:*

	High Risk	Moderate Risk	Low Risk
Safety & Social License	- Potential regulatory non-compliance. - Deficiencies that could result in: - Fatality, permanent disability, or lost time injury; - Data loss or unavailability of critical systems; - Security is compromised in sensitive / multiple areas; - Fraud / theft; or - Negative media coverage resulting in reputational damage.	- Insufficient evidence to support regulatory compliance. - Deficiencies that could result in: - Minor injury with no lost time; - Temporary data loss or unavailability of non-critical systems; - Security is compromised; - Fraud / theft with some mitigating controls; or - Public escalating concerns to OPG Management or local media.	- Documentation improvements to support regulatory compliance. - Deficiencies that could result in incidents that do not require medical treatment. - Deficiencies that do not result in any media attention negatively impacting OPG's reputation.
Financial	Potential loss or financial impact $\geq 5\%$ of the sample population's value, or the department's OM&A budget if the former is unavailable.	Potential loss or financial impact $\geq 2\%$ and $< 5\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.	Potential loss or financial impact $< 2\%$ of the sample population's value, or department's OM&A budget if the former is unavailable.
Operational Excellence	- Governance non-compliance or lack of/inadequate controls that may impact achievement of business or project objectives. - Errors in or insufficient internal reporting that drives senior management decision making. - Test results where $\geq 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance non-compliance or lack of/inadequate controls with alternate controls in place to mitigate the impact to business or project objectives. - Errors in or insufficient internal reporting that could affect management decision. - Test results where $\geq 10\%$ and $< 25\%$ of the sample had deficiencies in the execution of a key control.	- Governance compliance with procedural concerns or documentation issues which could impact OPG's ability to demonstrate appropriate due diligence. - Errors in or insufficient internal reporting that has minimal decision making impact. - Test results where $< 10\%$ of the sample had deficiencies in the execution of a key control.

Opportunity for improvement: *Observation with no risk impact that is provided to management for consideration to improve efficiency of processes and documentation (e.g. automation, duplication of activities).*

OVERALL REPORT RATING SCALE

An overall audit rating is assigned based on the number of observations identified for the audit and their assigned risk rating:

Finding Risk Rating	Number of Findings			
	1	2	3 - 4	≥ 5
High	Requires Improvement	Not Effective	Not Effective	Not Effective
Moderate	Generally Effective	Generally Effective	Requires Improvement	Not Effective
Low	Effective	Effective	Generally Effective	Requires Improvement

APPENDIX B – PROCESS OWNER & DISTRIBUTION LIST

Distribution:

Aida Cipolla

Chief Financial Officer & Chief Administrative Officer

Cynthia Domjancic

Senior Vice President, Human Resources and Chief Ethics Officer

cc:	Nicolle Butcher	President & Chief Executive Officer
	Sarah Hough	Vice President, Client Corporate Services
	Kate Appleton	Director, HR Services
	Adam Chiarandini	Director, Enterprise Risk Management
	Joseph Ng	Director, Internal Audit
	Wendy Leung	Senior Manager, Pension & Benefits
	Candice MacLennan	Senior Manager, HR Pay and Support Services
	Anna Au Yeung	Senior Manager, Internal Audit
	Nicolette Huang	Manager, Benefits
	Muhammad Rameez Uddin	Manager, Internal Audit
	Michellee Reid	Manager, Internal Audit
	Joshua Samuel	Manager, Pension & Benefits

CCC Interrogatory #010

Interrogatory

Reference:

Exhibit A1, Tab 4, Schedule 4, pp. 2-3, 10

Question(s):

a) Please file the following agreements:

- i. DNNP LP and OPG Lease Agreement
- ii. DNNP LP and OPG Reimbursement Agreement
- iii. DNNP LP and OPG PMA
- iv. DNNP LP and OPG MOMA

b) Please further explain the conditions that must be satisfied in order for CGF and BOF to acquire minority interests in DNNP LP.

c) To the extent that it is available, please file the “audited schedule of costs that is approved by Ontario Power Generation Inc.’s board of directions as at the transfer date” regarding the assets to be transferred from OPG to DNNP LP (which will be considered the opening CIP balance for DNNP LP).

d) Please further explain the statement that “DNNP LP will reimburse OPG for all construction in progress costs through the issuance of ownership units.”

Response

a) The Applicants attach the following agreements between OPG and DNNP LP:

- Attachment 1 (confidential): DNNP LP and OPG Lease Agreement
- Attachment 2: DNNP LP and OPG Reimbursement Agreement
- Attachment 3 (confidential): DNNP LP and OPG Development and Construction Project Management Agreement (“PMA”)
- Attachment 4 (confidential): DNNP LP and OPG Management, Operations, Maintenance and Administration Services Agreement (“MOMA”)
- Attachment 5: DNNP LP and OPG IESO Payments Collection, Allocation and Settlement Agreement
- Attachment 6: DNNP LP and OPG Intellectual Property Rights Agreement.

b) On April 20, 2026, Canada Growth Fund, through its subsidiaries, Renaissance Power 2025-1 Inc. and Renaissance Power 2025-2 Inc., and Building Ontario Fund,

1 through its subsidiary BOF DNNP Limited, acquired minority ownership in DNNP
2 LP equal to 15% and 7.5%, respectively. The closing conditions have been
3 satisfied.

4
5 c) Although the referenced audited schedule is not yet available, the Applicants
6 expect the schedule to be available by the time of the technical conference in this
7 proceeding.

8
9 d) Unlike Canada Growth Fund and Building Ontario Fund, OPG did not inject cash to
10 acquire its initial ownership units in DNNP LP. OPG instead contributed the
11 Darlington New Nuclear Program ("DNNP") construction work as its initial
12 contribution, valued at the cost of such work to OPG as at December 31, 2025, as
13 set out in Schedule A of the Reimbursement Agreement. For clarity, it is this
14 reimbursement of OPG's construction work in progress that comprises DNNP LP's
15 opening construction work in progress balance, which the OEB must accept among
16 DNNP LP's capital costs under Ontario Regulation 53/05, section 14(2)2(i).

EXECUTION VERSION

DNNP LP

– and –

ONTARIO POWER GENERATION INC.

**AMENDED AND RESTATED
LEASE AGREEMENT**

April 20, 2026

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AMENDED AND RESTATED LEASE AGREEMENT

THIS AMENDED AND RESTATED LEASE AGREEMENT is made as of the 20th day of April, 2026,

BETWEEN:

DNNP LP, a limited partnership existing under the laws of the Province of Ontario, by its managing general partner, **DNNP GP INC.**

(the “**Tenant**”)

AND:

ONTARIO POWER GENERATION INC., a corporation existing under the laws of the Province of Ontario

(“**OPG**”)

WHEREAS:

- A. OPG and the Tenant entered into a lease agreement with respect to the Leased Premises made as of December 29, 2025 (the “**Original Lease Agreement**”), on and subject to the conditions set forth therein.
- B. OPG and the Tenant desire to amend and restate the Original Lease Agreement in its entirety in the manner hereinafter set forth.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Lease Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Lease Agreement (including its recitals), the following capitalized terms have the meanings given below:

1.1.1 “**Access Laws**” means, as applicable, FIPPA, ATIA and the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario).

1.1.2 “**Additional Rent**” means any amount payable by the Tenant to the Landlord under or pursuant to this Lease Agreement that is not Base Rent.

1.1.3 “**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries: (i) Controls such Person, (ii) is Controlled by such Person, or (iii) is Controlled by a third Person that also Controls such Person, provided that, and notwithstanding the foregoing:

1.1.3.1 with respect to OPG and the Landlord, if the Landlord is OPG or is Controlled by OPG, “**Affiliate**” shall be limited to OPG and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by OPG, provided that the Tenant and Tenant GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Tenant or Tenant GP) shall not be “**Affiliates**” of OPG or the Landlord for purposes of this Lease Agreement;

1.1.3.2 with respect to the Tenant and Tenant GP, if the Landlord is OPG or a Qualified Successor Operator or is Controlled by OPG or a Qualified Successor Operator and the Tenant or Tenant GP is Controlled by OPG or a Qualified Successor Operator, “**Affiliate**” shall be limited to any Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Tenant or Tenant GP, provided that, for clarity, if the Landlord is OPG or a Qualified Successor Operator or is Controlled by OPG or a Qualified Successor Operator, OPG or the Qualified Successor Operator, as applicable, and any Person Controlled by OPG or the Qualified Successor Operator, as applicable (other than the Tenant and Tenant GP and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Tenant or Tenant GP) shall not be “**Affiliates**” of the Tenant or Tenant GP for purposes of this Lease Agreement;

1.1.3.3 following a Landlord Transfer to a Qualified Successor Operator and with respect to such Qualified Successor Operator that becomes a Party to this Lease Agreement and the Landlord, if such Qualified Successor Operator is Controlled by the Crown, “**Affiliate**” shall be limited to the Ultimate Parent (within the meaning of the Tenant’s Governing Documents) of such Qualified Successor Operator (or its Affiliate that is a partner of the Tenant) and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by such Ultimate Parent, provided that the Tenant and Tenant GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Tenant or Tenant GP) shall not be “**Affiliates**” of the Landlord for purposes of this Lease Agreement; and

1.1.3.4 following a Landlord Transfer to a Qualified Successor Landlord and with respect to such Qualified Successor Landlord that becomes a Party to this Lease Agreement and the Landlord, if such Qualified Successor Landlord is Controlled by the Crown, “**Affiliate**” shall be limited to the Ultimate Parent (within the meaning of the Tenant’s Governing Documents) of such Qualified Successor Landlord (or its Affiliate that is a partner of the Tenant) and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by such Ultimate Parent, provided that the Tenant and Tenant GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by the

Tenant or Tenant GP) shall not be “**Affiliates**” of the Landlord for purposes of this Lease Agreement.

1.1.4 “**Agent**” has the meaning attributed thereto in the IESO Payments Agreement. For clarity, all references to the Agent are references to the Agent in its capacity as agent under the IESO Payments Agreement, and not in any other capacity.

1.1.5 “**Ancillary Agreements**” means the agreements listed on Schedule 1.1.5.

1.1.6 “**Applicable Laws**” means, collectively, all applicable:

1.1.6.1 federal, provincial, municipal and other laws, decrees, ordinances, instruments, codes, constitutions, treaties, orders-in-council, by-laws, codes, rules, regulations and statutes;

1.1.6.2 legally enforceable orders, rulings, decisions, codes, judgments, injunctions, directives, awards and writs of any Governmental Authority;

1.1.6.3 policies, practices, standards, guidelines, notices and industry protocols of any Governmental Authority to the extent that they have the force of law;

1.1.6.4 rulings, conditions and requirements of any Environmental Permits, Permits, Consents or similar rights issued by a Governmental Authority; and

1.1.6.5 requirements under or prescribed by applicable common law or equity,

including, for clarity, all applicable Authority Requirements.

1.1.7 “**Arbitration Act**” means the *Arbitration Act, 1991* (Ontario).

1.1.8 “**Arm’s Length**” has the meaning given to that term in the Tax Act.

1.1.9 “**ATIA**” means the *Access to Information Act* (Canada).

1.1.10 “**Authority Requirements**” means any order, direction, directive, policy, standard, guideline or rule of or by any Governmental Authority which is known by the Landlord or the Operator or publicly available, including, for clarity, CNSC policies, regulatory documents, administrative interpretations, directives and staff review procedures, the IESO Market Rules (as defined in the MOMA) and the legally binding requirements resulting from the EA Approval (as defined in the MOMA).

1.1.11 “**Base Rent**” has the meaning attributed thereto in Section 3.1.

1.1.12 “**Beneficiary**” has the meaning attributed thereto in Section 10.7.1.

1.1.13 “**Business Day**” means any day other than Saturday, Sunday or any day on which banking institutions in Toronto, Ontario are not open for business.

1.1.14 “**Claims**” means:

1.1.14.1 any claim, demand or complaint;

1.1.14.2 any court action, suit, arbitration, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure;

1.1.14.3 any investigation or inquiry by or before any Governmental Authority or similar body; and/or

1.1.14.4 any similar matter or proceeding.

1.1.15 “**CNSC**” means the Canadian Nuclear Safety Commission established pursuant to the NSCA.

1.1.16 “**CNSC Licences**” means, in respect of the Facility or the Leased Premises, all Consents and Permits required by Applicable Laws to be obtained from, and all Consents and agreements entered into with, the CNSC, relating to the design, site preparation, development, construction, ownership, operation, maintenance, administration or decommissioning of the Facility or any Unit Facility.

1.1.17 “**Commencement Date**” means December 29, 2025.

1.1.18 “**Confidential Information**” has the meaning attributed thereto in Section 18.12.1.1.

1.1.19 “**Confidentiality Incident**” has the meaning attributed thereto in Section 18.12.2.8.

1.1.20 “**Connected Persons**” means, in respect of a Party, all past or present Persons who directly or indirectly own or hold (or owned or held) a direct or indirect legal or beneficial interest in any Equity Interests in such Party, but:

1.1.20.1 only in such Person’s capacity as a past or present owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in such Party and not in any other capacity; and

1.1.20.2 excluding (A) a Person whose indirect legal or beneficial interest in any Equity Interests in such Party is held directly or indirectly: (1) through Equity Interests that are listed on a Recognized Stock Exchange, (2) through Equity Interests in a Private Equity Fund, excluding any Equity Interests held by the sponsor or investment manager of such Private Equity Fund (or any of their respective Affiliates), (3) through Equity Interests in the Ultimate Parent (within the meaning of the Tenant’s Governing Documents) of such Party, or (4) solely as a result of such Person being a beneficiary of a pension plan or pension fund; and (B) any Governmental Authority.

1.1.21 “**Consent**” means any consent, approval, authorization, waiver or notice to or from any Person, including any Governmental Authority.

1.1.22 “**Contamination**” means the presence of any Hazardous Materials, Nuclear Materials or Nuclear Substances in the Environment, except Hazardous Materials present in the Environment in concentrations that would reasonably be expected to be below applicable standards as set by Applicable Laws, including the generic soil, groundwater and sediment standards set out in the document entitled “Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act”, published by the Ontario Ministry of the Environment on April 15, 2011. If Contamination is present in soil, surface water, sediment or groundwater, then the soil, surface water, sediment or groundwater, as applicable, containing the Contamination will also be deemed to be Contamination for the purposes of this Lease Agreement.

1.1.23 “**Contract**” means any contract, obligation, agreement, arrangement, undertaking, engagement, or commitment or the like.

1.1.24 “**Contract Year**” means a 12-month period during the Term which begins on the Commencement Date or on an anniversary thereof.

1.1.25 “**Control**” means:

1.1.25.1 when applied to the relationship between a Person and a corporation, (i) the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, or (ii) where such corporation has no share capital, the ability of such Person, whether directly or indirectly, to elect, appoint or cause the election or appointment of a majority of the directors (or equivalent governing body) of such corporation;

1.1.25.2 when applied to the relationship between a Person and a partnership (other than a limited partnership) or joint venture, the beneficial ownership by such Person at the relevant time of securities or ownership interests of such partnership or joint venture carrying more than 50% of the voting interests of the partnership or joint venture; or

1.1.25.3 when applied to the relationship between a Person and a limited partnership, the beneficial ownership by such Person at the relevant time of shares of the general partner or general partners of such limited partnership carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such general partner or general partners; and

the term “**Controlled by**” has a corresponding meaning; provided that a Person who Controls a corporation, partnership, limited partnership or joint venture (for the purposes of this definition, the “**second mentioned Person**”) shall be deemed to Control a corporation, partnership, limited partnership or joint venture which is Controlled by the second mentioned Person and so on.

1.1.26 “**Crown**” means His Majesty the King in right of the Province of Ontario.

1.1.27 “**Darlington NGS**” means the Darlington nuclear generating station located on the Darlington NGS Site and includes all buildings, facilities, infrastructure, improvements, equipment, materials, structures, components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software located at the Darlington NGS Site.

1.1.28 “**Darlington NGS Site**” means the lands and premises described in “Column 3” of “Item 2” of the schedule to the *Nuclear Liability and Compensation Regulations*, together with all improvements constructed thereon from time to time and including the surface and subsurface elements, including the soils, groundwater and sediment present thereat; provided, however, that notwithstanding the foregoing, the Darlington NGS Site shall exclude the Site. Any reference to items “at the Darlington NGS Site” shall include all items “at, on, in, upon, over, across, under and within” the Darlington NGS Site.

1.1.29 “**Decommissioning**” means the complete and permanent retirement and removal of the Facility from service and the restoration of the Site as part of the final lifecycle stage of the Facility, as well as any planning and administrative activities incidental thereto, including:

1.1.29.1 the stabilization, preparation for storage, storage and monitoring of the Units at the Leased Premises following the permanent shutdown of the Facility;

1.1.29.2 the dismantlement, decontamination and/or entombment of the Facility, in whole or in part, following its permanent shutdown and any reduction, removal or disposal thereof, conducted pursuant to CNSC Licences;

1.1.29.3 all activities necessary for the storage, dismantlement, decontamination and/or entombment of the Facility and restoration of the Site following the permanent shutdown of the Facility to comply with Applicable Laws, including obtaining and complying with the CNSC Licences, and any related decommissioning plan for the Site under which the Landlord or the Tenant is operating; and

1.1.29.4 the preparation of any decommissioning reports and environmental assessment documentation relating thereto, including any associated consulting and legal services,

provided that, and notwithstanding the foregoing, “**Decommissioning**” shall not include the Tenant Nuclear Waste Scope and Wind-down Work, which shall be obligations of the Tenant.

1.1.30 “**Decommissioning Obligations**” means all obligations to perform and implement Decommissioning, which shall be obligations of the Landlord, excluding for clarity any Tenant Nuclear Waste Scope and Wind-down Work, which shall each be obligations of the Tenant.

1.1.31 “**Direct Losses**” means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses (including the cost of legal or professional services, legal and professional costs being on a full indemnity basis) and charges, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, but excluding in all circumstances Indirect Losses. For clarity and notwithstanding the foregoing, any amount paid or finally awarded in respect of a Third Party Claim against a Party will be considered Direct Losses.

1.1.32 “**Disclosing Party**” has the meaning attributed thereto in Section 18.12.1.1.

1.1.33 “**Dispute Resolution Procedure**” means the procedure set out in Schedule 16.1.

1.1.34 “**Disputes**” has the meaning attributed thereto in Section 16.1.

1.1.35 “**DNNP IP Rights**” has the meaning attributed thereto in the IP Rights Agreement.

1.1.36 “**DNNP Nuclear Installation**” has the meaning attributed thereto in the MOMA.

1.1.37 “**Easements**” means, with respect to the Leased Premises, the easements, leases, licences and access rights (i) in favour of Third Parties as set out in Schedule 1.1.37, (ii) reserved by the Landlord as set out in Schedule 1.1.37, or (iii) agreed to in writing by the Landlord and the Tenant from time to time.

1.1.38 “**Effective Date**” means the date of this Lease Agreement.

1.1.39 “**Electricity Act**” means the *Electricity Act, 1998* (Ontario).

1.1.40 “**Emergency Event**” means one or more situations, occurrences, events or circumstances that require immediate intervention and:

1.1.40.1 pose a risk of harm to the health and/or safety of persons, including any Releases or Contamination that would create such a risk of harm;

1.1.40.2 cause or would reasonably be expected to cause material damage or harm to (i) property, (ii) the IESO-Controlled Grid or any Local Distribution System, and/or (iii) buildings and/or equipment, including the Facility; and/or

1.1.40.3 materially interfere with or prejudice or would reasonably be expected to materially interfere with or prejudice the safe operation of the Facility, the IESO-Controlled Grid, any Local Distribution System, the Darlington NGS, the Darlington NGS Site, or any part of the Leased Premises.

1.1.41 “**Encumbrance**” means any mortgage, lien, pledge, judgment, execution, charge, security interest, restriction, lease, sublease, easement or encumbrance of any nature whatsoever, including Claims of the Ontario Workplace Safety and Insurance Board, Canada Revenue Agency and any other Governmental Authority.

1.1.42 “**Environment**” means ambient air, all layers of the atmosphere, all living organisms and the interacting natural systems that include components of air, land, soil, sediment, water, organic and inorganic matter and living organisms, land, surface water, underground water, subsurface rock, subsurface strata, bedrock and other underground natural resources, or any combination thereof.

1.1.43 “**Environmental Law**” means all Applicable Laws related to the Environment, including Applicable Laws related to pollution, protection of the Environment, Releases (or threatened Releases) into ambient air, surface water, ground water, sediment, or lands, and as otherwise related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials, including the *Canadian Environmental Assessment Act* (Canada), the *Canadian Environmental Protection Act, 1999* (Canada), the *Dangerous Goods Transportation Act* (Ontario), the *Environmental Bill of Rights, 1993* (Ontario), the *Environmental Protection Act* (Ontario), the *Fisheries Act* (Canada), the *Technical Standards and Safety Act, 2000* (Ontario), the *Ontario Water Resources Act*, the *Pest Control Products Act* (Canada), the *Pesticides Act* (Ontario), the *Transportation of Dangerous Goods Act, 1992* (Canada) and the respective regulations thereunder and any municipal noise or sewer use by-law, but shall not include Nuclear Law.

1.1.44 “**Environmental Permits**” means all permissions, Consents, certificates, permits, licences, registrations, screenings, clearances, statutory agreements and similar authorizations required by Environmental Law (including, for clarity, any permit or statutory agreement to take or use water), but shall not include any permissions, Consents, certificates, permits, licences, registrations, conditions, screenings, clearances, statutory agreements or similar authorizations issued by the CNSC or any other Governmental Authority pursuant to a Nuclear Law.

1.1.45 “**Equity Interest**” means, in respect of any Person, (i) any and all shares or other equity or ownership interests (including common shares, preferred shares, capital stock, partnership interests, trust interests, limited liability company interests and limited liability partnership interests) in such Person; and (ii) all convertible securities and other rights convertible into or exchangeable for such shares or other equity or ownership interests in such Person (whether or not currently exercisable, exchangeable or convertible), including rights to subscribe, warrants, options, conversion privileges, and exchange rights for such shares or other equity or ownership interests in such Person.

1.1.46 “**ETA**” means the *Excise Tax Act* (Canada).

1.1.47 “**Event of Default**” has the meaning attributed thereto in Section 15.1.

1.1.48 “**Excluded Taxes**” means any capital taxes and income or profits taxes upon the income of a Person to the extent that such taxes are not levied in lieu of taxes, rates, duties, charges, assessments or levies against the Leased Premises or upon the Landlord or the Tenant in respect thereof, provided however that payments required to be paid pursuant to the Electricity Act and any grants made to a municipality in lieu of such taxes shall be “**Excluded Taxes**”.

1.1.49 “**Exhibit**” has the meaning attributed thereto in Section 1.3.

1.1.50 “**Facility**” means, collectively, the Unit 1 Facility and, to the extent approved by the Tenant for construction and commissioning, the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility, except to the extent a Stoppage Vote Resolution has been passed in respect of any such Unit Facility, in which case “**Facility**” means:

1.1.50.1 in the event that one or more Stoppage Vote Resolutions are passed in respect of the Unit 1 Facility and all other Unit Facilities approved by the Tenant for construction and commissioning, each Unit Facility (to the extent in existence at the time the Stoppage Vote Resolution in respect of such Unit Facility was passed), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect of the Unit Facilities; or

1.1.50.2 in all other circumstances, (i) all Unit Facilities in respect of which no Stoppage Vote Resolution has been passed, together with (ii) each Unit Facility in respect of which a Stoppage Vote Resolution has been passed (to the extent in existence at the time of the passage of such Stoppage Vote Resolution), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect thereof.

1.1.51 “**Facility Documents**” means, collectively, this Lease Agreement, the IESO Payments Agreement, the MOMA, the Project Management Agreement and the IP Rights Agreement.

1.1.52 “**Facility Purposes**” has the meaning attributed thereto in the IP Rights Agreement.

1.1.53 “**Financed Equipment**” means all the tangible personal property, machinery, equipment (including computer hardware and communications equipment and computer process control equipment and turbines), vehicles, tools, spare parts and furnishings hereafter acquired by the Tenant relating to or used by the Tenant in the operation of the Leased Premises which are leased or subject to a bona fide conditional sale or title retention agreement in favour of Arm’s Length commercial lenders or vendors.

1.1.54 “**Financial Capacity Requirements**” means, with respect to a Person:

1.1.54.1 when used in the definition of “Qualified Successor Landlord”, that such Person either:

[REDACTED]

[REDACTED]

1.1.54.2 when used in the definition of “Qualified Successor Operator”, that such Person:



1.1.55 “**FIPPA**” means the *Freedom of Information and Protection of Privacy Act* (Ontario).

1.1.56 “**Force Majeure**” means any unforeseeable event or circumstance or the effects thereof which (i) could not have been reasonably avoided by, and was not caused directly by an act or omission of, the Party claiming relief, and (ii) prevents such Party (or its Representatives) from performing all or any part of its obligations under this Lease Agreement, including any of the following to the extent they meet the foregoing criteria:

1.1.56.1 state of emergency declared by a government, war, civil war, armed conflict, acts of terrorism, credible threat of an impending act of terrorism, the activities of the relevant Governmental Authorities in dealing with the use or threat of terrorism, acts of foreign enemies, hostilities, invasion, rebellion, revolution, insurrection, or mutiny;

1.1.56.2 piracy, riot, disorder, civil commotion, insurrection, protest, cyber-attacks, acts of sabotage, or vandalism;

1.1.56.3 inability to obtain required electrical power, fuel or telecommunications service;

1.1.56.4 disruption of the means of transport or shipping as a result of land or sea blockades, marine, railway, air and other transport catastrophes and accidents;

1.1.56.5 fire, explosion or pressure waves caused by airplanes or other aircraft;

1.1.56.6 natural disasters and natural catastrophes such as volcanic or seismic activity, landslides, mudflow, tsunami, lightning, hurricane, typhoons, tornado, cyclone, tidal wave, severe ice storm, firestorms, flood, drought, or other severe weather conditions which are beyond the level of severity that would reasonably be anticipated;

1.1.56.7 plague, epidemic, pandemic or quarantine; and/or

1.1.56.8 the imposition of sanctions by a foreign government or international authority, or embargo.

1.1.57 “**Fuel Assembly I.P.**” has the meaning attributed thereto in schedule 20 of the IPA.

1.1.58 “**Generally Accepted Accounting Principles**” means generally accepted accounting principles in the United States of America in effect from time to time or such other accounting principles as may be used by the Tenant from time to time applicable as at the date on which such principles are to be applied or on which any calculation or determination is required to be made in accordance with “generally accepted accounting principles”.

1.1.59 “**Governing Documents**” means, with respect to any Person: (i) if a corporation or company, its articles and any by-laws; (ii) if a partnership, the partnership agreement and any declaration or statement of partnership required to be filed with any Governmental Authority in order to form the partnership or maintain the limited liability of any partners; (iii) if a limited liability company, the articles and any organization or operating agreement; (iv) if a trust, the trust deed and/or declaration of trust; (v) if another type of Person, any charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (vi) to the extent applicable to all of such Person’s equity holders, shareholders’ or equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements and any other agreements or documents relating to the organization, management or operation of such Person or relating to the rights, duties and obligations of such Person’s equity holders; and (vii) any amendment or supplement to any of the foregoing. For clarity, the Facility Documents are not Governing Documents of the Tenant or Tenant GP.

1.1.60 “**Governmental Authority**” means: (i) any court, tribunal, judicial body or arbitral body or arbitrator; (ii) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government and any governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (iii) any subdivision or authority of any of the foregoing; and (iv) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing.

1.1.61 “**Handle**” means to access, collect, use, store, communicate, disclose or otherwise process or handle.

1.1.62 “**Hazardous Materials**” means any pollutants, toxic substances, hazardous wastes, hazardous materials, contaminants and other substances that are defined to be, that are regulated or prohibited as, that are listed as or that because of their toxicity, concentration or quantity have characteristics which are, hazardous, radioactive, toxic or

capable of producing an adverse effect under any Environmental Law, but excluding all Nuclear Materials and Nuclear Substances.

1.1.63 “**Holt Road Bridge**” means that portion of the existing bridge together with all appurtenant structures, works, improvements and fixtures, owned by the Landlord and situated on, over, under or across Part 7 on Plan 10R-342 being part of PIN: 26606-0132(LT), which provides vehicular and pedestrian access to and from the Leased Premises across and over the existing rail corridor situated thereunder.

1.1.64 “**Holt Road South Easement**” has the meaning attributed thereto in Section 2.10.1.3.

1.1.65 “**Holt Road South Easement Lands**” means, collectively, (i) Parts 1-5, on Plan 40R-33251 being part of PIN: 26606-0134 (LT); (ii) Parts 9, 10, 13, 14, 15, 16, 19 and 20, on Plan 40R-29584 being part of PIN: 26606-0367 (LT); and (iii) those additional lands forming part of PIN: 26606-0367 (LT) upon which all roadways and infrastructure comprising the existing road known as ‘Holt Road South’ are situated.

1.1.66 “**HST**” means the goods and services tax and harmonized sales tax payable and imposed pursuant to Part IX of the ETA.

1.1.67 “**IESO**” means the Independent Electricity System Operator continued under the Electricity Act.

1.1.68 “**IESO-Controlled Grid**” means the electricity transmission systems with respect to which, pursuant to operating agreements, the IESO has authority to direct operations (or, should the IESO cease to direct operations, the bulk electric system in Ontario).

1.1.69 “**IESO Payments Agreement**” means the amended and restated IESO payments collection, allocation and settlement agreement entered into by OPG and the Tenant on the Effective Date.

1.1.70 “**Improvements**” on any lands means that part of such lands which consists of buildings and other fixed improvements (including electrical generation equipment, structures, works, improvements and fixtures necessary for the operation, maintenance or rehabilitation of the Units) now or hereafter constructed within such lands and includes any additions thereto or replacements thereof. Where the term “Improvements” is used without reference to any particular lands, it shall be deemed to refer to Improvements at the Site.

1.1.71 “**Indemnifier**” has the meaning attributed thereto in Section 10.7.1.

1.1.72 “**Indirect Losses**” means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses and charges whatsoever for or in respect of the following:

1.1.72.1 punitive, exemplary, special or aggravated damages;

1.1.72.2 loss of profits or revenue, loss of use, loss of production, loss of business, cost of capital, any cost of purchasing or generating replacement power or loss of business opportunity; or

1.1.72.3 any other consequential loss, incidental loss or indirect loss of any nature,

whether arising at law or in equity, whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, and whether suffered or allegedly suffered.

1.1.73 “**Initial Renewal Notice**” has the meaning attributed thereto in Section 2.2.1.

1.1.74 “**Initial Term**” has the meaning attributed thereto in Section 2.1.

1.1.75 “**Insolvency Legislation**” has the meaning attributed thereto in Section 15.1.2.

1.1.76 “**Insurance Agreement**” means an insurance agreement which may be entered into pursuant to Section 9.5.

1.1.77 “**Intellectual Property**” has the meaning attributed thereto in the MOMA.

1.1.78 “**Intellectual Property Rights**” has the meaning attributed thereto in the MOMA.

1.1.79 “**Intermediate Level Waste**” means any waste which requires radiation shielding (other than Irradiated Fuel), examples of which are ion-exchange resins and filters used to clean reactor water systems, chemical sludges and equipment or components which may be removed from reactors.

1.1.80 “**Inventories**” means diesel fuel or fuel oil inventories, materials, spare parts, consumable supplies and chemical, oil and gas inventories in connection with the Permitted Uses that are located at, or in transit to, the Facility or the Site and owned by the Tenant.

1.1.81 “**IP Rights Agreement**” means the amended and restated intellectual property rights agreement entered into by OPG and the Tenant on the Effective Date.

1.1.82 “**IPA**” means the integrated project agreement entered into by OPG on January 1, 2023 in respect of the Unit 1 Facility, as it has been, and as it may be further amended, modified or supplemented from time to time, including, if applicable, by a supplemental agreement in respect of the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility.

1.1.83 “**Irradiated Fuel**” means any nuclear fuel assemblies which have been withdrawn from a Unit following irradiation.

1.1.84 “**Landlord**” means OPG acting in its capacity as landlord under this Lease Agreement, and not in any other capacity, without derogating from the Landlord’s obligations hereunder.

1.1.85 “**Landlord Indemnitee**” has the meaning attributed thereto in Section 10.1.

1.1.86 “**Landlord Recoverable Tenant Nuclear Waste Costs**” means any costs and expenses incurred by the Tenant in respect of the Tenant Nuclear Waste Scope for which the Tenant is entitled to be reimbursed by the Landlord pursuant to section 6.1.5 of Schedule 1.1.176.

1.1.87 “**Landlord’s Insurance**” has the meaning attributed thereto in Section 9.2.1.

1.1.88 “**Landlord’s Mortgage**” means a mortgage or charge of the interest of the Landlord or OPG in the Leased Premises and includes a deed of trust and mortgage securing bonds.

1.1.89 “**Landlord’s Mortgagee**” means the holder of a Landlord’s Mortgage and includes a trustee for bondholders under a deed of trust and mortgage securing bonds.

1.1.90 “**Landlord’s Taxes**” has the meaning attributed thereto in Section 5.1.1.

1.1.91 “**Landlord Transfer**” means:

1.1.91.1 any sale, assignment, transfer or other disposition to another Person (including by way of receivership or seizure by legal process or by operation of law) of Landlord’s or OPG’s interest in this Lease Agreement, in whole or in part, or in all or any part of the Leased Premises, either legal or beneficial; and/or

1.1.91.2 any mortgage, pledge or other encumbrance of this Lease Agreement by the Landlord or OPG,

provided that, and notwithstanding the foregoing, for clarity, neither (i) a direct or indirect change in the ownership of Equity Interests (A) in the Landlord or OPG, or (B) any Person that owns or holds a direct or indirect legal or beneficial interest in any Equity Interests in the Landlord or OPG, including where such change results in a change of Control of the Landlord or OPG, nor (ii) the creation or grant by or on behalf of the Landlord or OPG of any Permitted Encumbrance, shall constitute a “**Landlord Transfer**”.

1.1.92 “**Lease Agreement**” means this amended and restated lease agreement and all Schedules and Exhibits attached hereto, which for clarity are an integral part of this amended and restated lease agreement.

1.1.93 “**Leased Premises**” means the lands and premises described in Schedule 2.1, together with all Improvements constructed thereon from time to time.

1.1.94 “**Licensee**” has the meaning attributed thereto in the IP Rights Agreement.

1.1.95 “**Licensor**” has the meaning attributed thereto in the IP Rights Agreement.

1.1.96 “**Local Distribution System**” means the local electricity distribution system owned and operated by the OEB-licensed electricity utility authorized to distribute electricity within the Municipality of Clarington, including to the Leased Premises.

1.1.97 “**Losses**” means Direct Losses and Indirect Losses.

1.1.98 “**Low Level Waste**” means any waste which is minimally radioactive but which does not require radiation shielding, examples of which are mop-heads, rags, paper towels, floor sweepings, protective clothing and other contaminated trash.

1.1.99 “**MNR Easement Agreement**” means the easement agreement, lease, licence or similar agreement to be entered into between the Ministry of Natural Resources (“**MNR**”) and the Landlord with respect to certain water intake requirements of the Facility, in a form to be agreed upon by MNR and the Landlord.

1.1.100 “**MOMA**” means the amended and restated management, operations, maintenance and administration services agreement entered into by OPG and the Tenant on the Effective Date.

1.1.101 “**NLCA**” means the *Nuclear Liability and Compensation Act* (Canada).

1.1.102 “**Non-Facility Nuclear Material/Substance**” means nuclear fuel, Low Level Waste, Intermediate Level Waste, irradiated nuclear fuel and other Nuclear Materials or Nuclear Substances that, in each case, have not been produced or generated at the Facility or are not intended to be used in, at, or in connection with, the Facility.

1.1.103 “**Non-Resident**” means a Person that is, at the relevant time, not resident in Canada for the purposes of the Tax Act or, in the case of a Person that is a partnership, that is not, at the relevant time, a “Canadian partnership” as defined in the Tax Act.

1.1.104 “**Notice**” means notice in writing given by a Party to the other Party in accordance with the provisions of Section 17.1.

1.1.105 “**NSCA**” means the *Nuclear Safety and Control Act* (Canada).

1.1.106 “**Nuclear Agreement**” has the meaning attributed thereto in Section 10.6.1.

1.1.107 “**Nuclear Capability Requirements**” means, with respect to a Person, that such Person, or an Affiliate of such Person, has either:

[REDACTED]

1.1.108 “**Nuclear Incident**” has the meaning attributed to the term “nuclear incident” in the NLCA.

1.1.109 “**Nuclear Law**” means all Applicable Laws relating specifically to the regulation of nuclear power plants, nuclear fuel, Low Level Waste, Intermediate Level Waste, irradiated nuclear fuel, and other nuclear materials or nuclear substances, including the NLCA and the NSCA and the respective regulations thereunder and any regulatory guidance documents, directives, standards and policies issued from time to time by the CNSC.

1.1.110 “**Nuclear Material**” has the meaning attributed to the term “nuclear material” in the NLCA.

1.1.111 “**Nuclear Property Damage Insurance Policy**” has the meaning attributed thereto in the MOMA.

1.1.112 “**Nuclear Substance**” has the meaning attributed to the term “nuclear substance” in the NSCA.

1.1.113 “**Nuclear Waste**” means, collectively, Low Level Waste, Intermediate Level Waste and Irradiated Fuel.

1.1.114 “**Nuclear Waste Management Obligations**” means all obligations in respect of the management, storage, processing, transportation and disposal of Nuclear Waste arising from the Facility, to the extent title to same has passed to the Landlord pursuant to section 4.1 of Schedule 1.1.176, as applicable, and all obligations and responsibilities of the Landlord set out in Schedule 1.1.176, excluding any Tenant Nuclear Waste Scope and any Wind-down Work, which shall each be obligations of the Tenant.

1.1.115 “**OEB**” means the Ontario Energy Board continued under the OEB Act.

1.1.116 “**OEB Act**” means the *Ontario Energy Board Act, 1998* (Ontario).

1.1.117 “**OEB Cost Recovery**” has the meaning attributed thereto in the MOMA.

1.1.118 “**Operator**” has the meaning attributed thereto in the MOMA. For clarity, all references to the Operator are references to the Operator in its capacity as operator under the MOMA, and not in any other capacity.

1.1.119 “**OPG**” has the meaning attributed thereto in the preamble to this Lease Agreement.

1.1.120 “**OPG ECA**” means the equity commitment agreement entered into by OPG and the Tenant on the Effective Date.

1.1.121 “**OPG ECA Completion Date**” means the earlier of: (i) the date on which the OPG ECA is terminated or has expired, and (ii) the date on which OPG no longer has any obligations thereunder with respect to a Capital Call (as such term is defined in the OPG ECA).

1.1.122 “**Original Lease Agreement**” has the meaning attributed thereto in the recitals to this Lease Agreement.

1.1.123 “**Other OPG Nuclear Facilities**” means:

1.1.123.1 the Darlington NGS;

1.1.123.2 the Pickering NGS; and

1.1.123.3 any other nuclear facility in respect of which OPG is the operator pursuant to the NSCA or the NLCA, including, for clarity, all buildings, facilities, infrastructure, improvements, equipment, materials, structures, components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software located at the Other OPG Nuclear Site for such other nuclear facility,

and “**Other OPG Nuclear Facility**” means any one of them, provided that, and notwithstanding the foregoing, the Facility shall not be considered an “**Other OPG Nuclear Facility**” for purposes of this Lease Agreement.

1.1.124 “**Other OPG Nuclear Sites**” means:

1.1.124.1 the Darlington NGS Site;

1.1.124.2 the Pickering NGS Site;

1.1.124.3 in respect of any other nuclear facility in respect of which OPG is the operator pursuant to the NSCA or the NLCA (other than the Facility), any other lands and premises described in the *Nuclear Liability and Compensation Regulations* in respect of such nuclear facility, together with all improvements constructed thereon from time to time and including the surface and subsurface elements, including the soils, groundwater and sediment present thereat,

and “**Other OPG Nuclear Site**” means any one of them. Any reference to items “at an Other OPG Nuclear Site” shall include all items “at, on, in, upon, over, across, under and within” that Other OPG Nuclear Site.

1.1.125 “**Parties**” means the Tenant and OPG, and “**Party**” means any one of them.

1.1.126 “**Permits**” means all permissions, Consents, approvals, certificates, permits, licences (including CNSC Licences), registrations, conditions, screenings, clearances, statutory agreements and similar authorizations required by Applicable Laws, including any development permits, building permits, zoning approvals, and any other planning or development permit needed, in each case, to comply with a Party’s obligations under this Lease Agreement, other than Environmental Permits.

1.1.127 “**Permitted Encumbrances**” means:

1.1.127.1 the Easements;

1.1.127.2 the matters or agreements listed in Schedule 1.1.127;

1.1.127.3 any reservations, limitations, provisions, conditions or exceptions contained in the original grants of land or by applicable statute and statutory exceptions to title and rights of entry, access or use established by statute, in each case which do not materially detract from the value of, or materially impair the use of, the Leased Premises for the purpose of conducting and carrying out the Permitted Uses;

1.1.127.4 any Encumbrances arising as a result of any judgment or order rendered or Claim filed against the Landlord or any of its Affiliates which is being contested in good faith by proper legal Claims (and as to which any enforcement Claims shall have been suspended by operation of law or stayed pending an appeal or other Claim), in each case which do not materially detract from the value of, or materially impair the use of, the Leased Premises for the purpose of conducting and carrying out the Permitted Uses;

1.1.127.5 any Encumbrance imposed by Applicable Laws that was incurred in the ordinary course of business, including construction, builders', materialmen's, carriers', workers', repairers', warehousemen's and mechanics' liens and other similar Encumbrances arising in the ordinary course of business, in each case for sums not yet due or being contested in good faith by appropriate Claims;

1.1.127.6 minor discrepancies in the legal description or acreage of or associated with the Leased Premises or any adjoining properties which would be disclosed in an up to date survey and any pre-existing registered easements and pre-existing registered restrictions or pre-existing covenants that run with the land, in each case which do not materially impair the use of, the Leased Premises for the purpose of conducting and carrying out the Permitted Uses;

1.1.127.7 rights of way for, or reservations of rights of others for, sewers, water lines, gas lines, electric lines, telegraph and telephone lines, and other similar utilities, or zoning and building by-laws, ordinances surface access rights, restrictions, servitudes or easements, in each case which do not in the aggregate materially detract from the value of, or materially impair the use of, the Leased Premises for the purpose of conducting or carrying out the Permitted Uses;

1.1.127.8 security deposits pertaining to the Facility with any Governmental Authority or utilities in the ordinary course of business;

1.1.127.9 any Encumbrance arising by operation of Applicable Laws securing Taxes, assessments, royalties, rents and other governmental charges, the payment of which are not yet due or are being contested in good faith by appropriate Claims;

1.1.127.10 zoning and building by-laws and ordinances, conservation restrictions and other land use and environmental regulations imposed by Governmental

Authorities, development or site plan agreements and restrictive covenants, in each case which do not materially detract from the value of, or materially impair the use of, the Leased Premises for the purpose of conducting and carrying out the Permitted Uses; and

1.1.127.11 such other liens, imperfections in or failures of title, charges, restrictions, encroachments and defects in title, in each case which do not materially detract from the value of, or materially impair the use of, the Leased Premises for the purpose of conducting and carrying out the Permitted Uses.

1.1.128 **“Permitted Landlord Transfer”** has the meaning attributed thereto in Section 12.1.1.

1.1.129 **“Permitted Uses”** has the meaning attributed thereto in Section 6.1.

1.1.130 **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, limited liability company, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or entity however designated or constituted.

1.1.131 **“Personal Information”** has the meaning attributed thereto in Section 18.12.5.1.

1.1.132 **“Pickering NGS”** means the Pickering A nuclear generating station and the Pickering B nuclear generating station located on the Pickering NGS Site, and includes all buildings, facilities, infrastructure, improvements, equipment, materials, structures, components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software located at the Pickering NGS Site.

1.1.133 **“Pickering NGS Site”** means the lands and premises described in “Column 3” of “Item 4” of the schedule to the *Nuclear Liability and Compensation Regulations*, together with all improvements constructed thereon from time to time and including the surface and subsurface elements, including the soils, groundwater and sediment present thereat. Any reference to items “at the Pickering NGS Site” shall include all items “at, on, in, upon, over, across, under and within” the Pickering NGS Site.

1.1.134 **“Prime Rate”** means the rate of interest per annum quoted by Royal Bank of Canada from time to time as its reference rate for Canadian dollar demand loans made to its commercial customers in Canada and which it refers to as its “prime rate”, as such rate may be changed by it from time to time.

1.1.135 **“Privacy Laws”** has the meaning attributed thereto in Section 18.12.5.2.

1.1.136 **“Private Equity Fund”** has the meaning attributed thereto in the MOMA.

1.1.137 **“Proceeding”** means an action, demand, suit, arbitration, complaint, grievance, claim, litigation, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure,

investigation, audit or inquiry by or before any Governmental Authority or similar body, or any similar matter or proceeding.

1.1.138 “**Project CPI**” means the Province of Ontario Gross Domestic Product Implicit Price Index for final domestic demand (GDP-IPI-FDD) established by Statistics Canada or any successor to such index.

1.1.139 “**Project CPI Adjustment Factor**” means, at the relevant time, the quotient obtained by dividing (i) the Project CPI for the month immediately preceding the month within which such time occurs by (ii) the Project CPI for the month of January, 2026.

1.1.140 “**Project IP License**” has the meaning attributed thereto in the IP Rights Agreement.

1.1.141 “**Project Management Agreement**” means the amended and restated development and construction project management agreement entered into by OPG and the Tenant on the Effective Date.

1.1.142 “**Project Manager**” has the meaning attributed thereto in the Project Management Agreement. For clarity, all references to the Project Manager are references to the Project Manager in its capacity as project manager under the Project Management Agreement, and not in any other capacity.

1.1.143 “**Property Licences**” means, collectively, the exclusive licences of use and access to, on and over the Leased Premises, the Facility and any tools, equipment and other tangible personal property owned by the Tenant and granted in favour of the Operator and the Project Manager pursuant to the terms of the MOMA and the Project Management Agreement, respectively.

1.1.144 “**Prudent Industry Practices**” means the practices, methods and activities:

1.1.144.1 that have been generally accepted in the North American nuclear power industry as prudent practices applicable to (A) the development, design, licencing, construction and commissioning of nuclear generating facilities, (B) the testing, and commissioning of nuclear generating facilities, or (C) the management, operation, maintenance, modification, improvement, repair, refurbishment, administration and/or decommissioning of nuclear generating facilities; and

1.1.144.2 which, in the exercise of skill, diligence, prudence, foresight and reasonable judgment by a prudent Person engaged in similar practices, methods or activities, in light of the facts known or which ought to have been known by such prudent Person at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with safety, good business practices, reliability, expedition and Applicable Laws.

Prudent Industry Practices are not intended to be limited to the optimal practices, methods or activities to the exclusion of all others, but rather are intended to be practices, methods or activities that qualify under Sections 1.1.144.1 and 1.1.144.2 above.

1.1.145 **“Qualified Successor Landlord”** means a Person that:

1.1.145.1 holds all of the Permits and Environmental Permits required as at the time of the proposed Landlord Transfer to perform and discharge all of the Landlord’s obligations under this Lease Agreement, including, for clarity, those set forth in Article 8;

1.1.145.2 has been transferred, or has been granted access to, any funds set aside in trust or custodial accounts for the purpose of funding the Landlord’s obligations set forth in Section 8.4 or otherwise has provided, or has caused to be provided, a financial guarantee in respect of such obligations, in each case that is acceptable to the CNSC;

1.1.145.3 will have, as at the time of the proposed Landlord Transfer, Intellectual Property Rights that are substantially the same as Licensor’s and Landlord’s Intellectual Property Rights in respect of the Licensor’s or the Landlord’s Intellectual Property relating to the Decommissioning Obligations and/or the Nuclear Waste Management Obligations (in each case, to the extent of the Licensor’s or Landlord’s rights or title in respect of the applicable Intellectual Property Rights); and

1.1.145.4 meets all of the Financial Capacity Requirements as at the time of the proposed Landlord Transfer.

1.1.146 **“Qualified Successor Operator”** means a Person that:

1.1.146.1 holds all of the Permits and Environmental Permits required as at the time of the proposed Landlord Transfer to perform and discharge all of the obligations of (i) the Operator under the MOMA, (ii) the Project Manager under the Project Management Agreement (if in force at the relevant time), (iii) the Agent under the IESO Payments Agreement (if in force at the relevant time), and (iv) the Landlord under this Lease Agreement;

1.1.146.2 will have, as at the time of the proposed Landlord Transfer, Intellectual Property Rights that are substantially the same as (A) the DNNP IP Rights licensed by the Licensor to the Licensee pursuant to the Project IP License in the IP Rights Agreement, and (B) the Licensor’s or the Operator’s Fuel Assembly I.P. and other Intellectual Property Rights relating to nuclear fuel used or to be used at the Facility for Facility Purposes (in each case, to the extent of the Licensor’s or the Operator’s rights or title in respect of the applicable Intellectual Property Rights);

1.1.146.3 has been transferred, or granted access to, any funds set aside in trust or custodial accounts for the purpose of funding the Landlord’s obligations set forth in Section 8.4 or otherwise has provided, or has caused to be provided, a financial guarantee in respect of such obligations, in each case, that is acceptable to the CNSC;

1.1.146.4 meets all of the Financial Capacity Requirements as at the time of the proposed Landlord Transfer; and

1.1.146.5 meets all of the Nuclear Capability Requirements as at the time of the proposed Landlord Transfer.

1.1.147 “**Rating Agencies**” means (i) S&P Global Ratings Canada; (ii) Moody’s Canada Inc.; (iii) DBRS Limited; and (iv) any other reputable rating agency acceptable to the Landlord and the Tenant, each acting reasonably; and “**Rating Agency**” means any one of them.

1.1.148 “**Receiving Party**” has the meaning attributed thereto in Section 18.12.1.1.

1.1.149 “**Recognized Stock Exchange**” has the meaning attributed thereto in the MOMA.

1.1.150 “**Recovery Amount**” has the meaning attributed thereto in Section 10.7.9.

1.1.151 “**Release**” means any discharge, spill, release, escape, emission, leak, deposit, dispersion, dumping, seeping, abandoning, placing, introduction or migration into the Environment of any Hazardous Materials, Nuclear Materials or Nuclear Substances.

1.1.152 “**Remediation**” means action of any kind to address a Release, the threat of a Release or the presence of Hazardous Materials, Nuclear Materials or Nuclear Substances at the Site or an off-Site location.

1.1.153 “**Renewal Notice**” has the meaning attributed thereto in Section 2.2.1.

1.1.154 “**Renewal Term**” has the meaning attributed thereto in Section 2.2.

1.1.155 “**Rent**” means Base Rent and Additional Rent, collectively.

1.1.156 “**Representatives**” means, with respect to any Person, that Person’s Affiliates, and each of its and its Affiliates’ directors, officers, managers, employees, personnel, secondees, augmented staff, agents, contractors, subcontractors, consultants, financial advisors, counsel, accountants and other advisors. Except for the purposes of Sections 1.10, 2.7, 9.1.3.4, 9.4, 18.2, 18.4, 18.8 and 18.12 and Article 10 (other than Section 10.2.1) (in each case, for clarity, where this sentence shall not apply), all references to the Representatives of a Person are references to such Representatives when they are acting in their capacity as Representatives of such Person, and not in any other capacity, including, for clarity, while the Landlord is the same Person as the Operator, the Project Manager, the Agent or the Licensor, all references to Representatives of the Landlord are references to such Representatives when they are acting in their capacity as Representatives of such Person as Landlord and not in their capacity as Representatives of such Person as the Operator, the Project Manager, the Agent or the Licensor, respectively.

1.1.157 “**Required Contracts and Rights**” has the meaning attributed thereto in Section 7.2.2.

1.1.158 “**Sales Taxes**” means all HST, sales, value-added or similar taxes or other transfer taxes, fees and charges imposed or levied by any Governmental Authority on or in respect of the sale or supply of goods or services, including in respect of amounts payable under this Lease Agreement.

1.1.159 “**Schedules**” has the meaning attributed thereto in Section 1.4.

1.1.160 “**Shared Nuclear Property Damage Insurance Policy**” has the meaning attributed thereto in the MOMA.

1.1.161 “**Shareholders**” means the shareholders of Tenant GP.

1.1.162 “**Site**” means the Leased Premises including the surface and subsurface elements, including the soils, groundwater and sediment present at the Leased Premises, and any reference to items “at the Site” shall include all items “at, on, in, upon, over, across, under and within” the Site.

1.1.163 “**Specified Costs**” has the meaning attributed thereto in Section 8.3.3.

1.1.164 “**Specified Release**” means (i) a Release of Hazardous Materials flowing or migrating to the Leased Premises at any time from adjoining lands owned by the Landlord and not leased to a Third Party, or (ii) Hazardous Materials that existed on, in or under the Leased Premises immediately prior to April 4, 2025.

1.1.165 “**Specified Remediation**” means any Remediation of a Specified Release that is required by Applicable Laws, provided, however, that where Applicable Laws require the Remediation of both a Specified Release on the one hand, and a Release of Hazardous Materials of any other nature on the other hand, then such legally-required Remediation shall be a “**Specified Remediation**” for all purposes of this Lease Agreement solely to the extent of its scope that relates to the Specified Release.

1.1.166 “**Specified Third Party Claim**” has the meaning attributed thereto in Section 8.3.3.

1.1.167 “**Spent Fuel Pools**” means the spent fuel pools to be located at the Facility for the storage of Irradiated Fuel.

1.1.168 “**Stoppage Vote Resolution**” has the meaning attributed thereto in the MOMA.

1.1.169 “**Stopped Unit Facility**” and “**Stopped Unit Facilities**” have the meanings attributed thereto in the MOMA.

1.1.170 “**Tangible Net Worth**” means the aggregate value of all assets of a Person after eliminating from the calculation intangible assets (including all assets classified as intellectual property, goodwill or licences on the balance sheet of such Person) and future income tax benefits, less the aggregate of all liabilities of such Person, provided that, for clarity, assets of a Person shall include the amount of any guarantee, equity or funding commitment or other credit support in respect of such Person that is delivered or provided

by an Affiliate of such Person or a third party Person on terms acceptable to the Parties, acting reasonably.

1.1.171 “**Tax Act**” means the *Income Tax Act* (Canada).

1.1.172 “**Taxes**” means any and all taxes, Sales Taxes, levies, imposts, duties, fees, withholdings, assessments, premiums, deductions or charges whatsoever, whether directly or indirectly imposed, assessed, levied or collected by any Governmental Authority, together with interest thereon and penalties with respect thereto, against the Leased Premises or any part thereof from time to time, whether federal, provincial, municipal, school or otherwise, and any taxes, special payments, grants and other levies of any kind whatsoever which relate to the Leased Premises, its value, occupation or use, and any taxes, payments, grants or levies which are imposed in lieu of or in addition to, any such taxes whether of the foregoing character or not and whether in existence at the Commencement Date or not, and any such taxes levied against the Landlord on account of its ownership of the Leased Premises or its interest therein, provided that, and notwithstanding the foregoing, “**Taxes**” shall not include Excluded Taxes. For clarity, “**Taxes**” includes each and every instalment thereof.

1.1.173 “**Tenant**” has the meaning attributed thereto in the preamble to this Lease Agreement.

1.1.174 “**Tenant GP**” means DNNP GP Inc., a corporation existing under the laws of the Province of Ontario and the sole managing general partner of the Tenant.

1.1.175 “**Tenant Indemnatee**” has the meaning attributed thereto in Section 10.2.

1.1.176 “**Tenant Nuclear Waste Scope**” has the meaning attributed thereto in Schedule 1.1.176.

1.1.177 “**Tenant Required Remediation**” has the meaning attributed thereto in Section 8.3.2.

1.1.178 “**Tenant Transfer**” means:

1.1.178.1 any sale, assignment, transfer or other disposition to another Person (including by way of receivership or seizure by legal process or by operation of law) of Tenant’s interest in this Lease Agreement, in whole or in part; and/or

1.1.178.2 any mortgage, pledge or other encumbrance of this Lease Agreement by the Tenant,

provided that, and notwithstanding the foregoing, for clarity, a direct or indirect change in the ownership of Equity Interests in the Tenant or any Person that directly or indirectly holds Equity Interests in the Tenant, including where such change results in a change of Control of the Tenant, is not a “**Tenant Transfer**”.

1.1.179 “**Tenant’s Insurance**” means the insurance policies required to be maintained by the Tenant pursuant to Section 9.1.

1.1.180 “**Tenant’s Mortgage**” means a mortgage or charge of the interest of the Tenant in the Leased Premises and includes a deed of trust and mortgage securing bonds.

1.1.181 “**Tenant’s Mortgagee**” means the holder of a Tenant’s Mortgage and includes a trustee for bondholders under a deed of trust and mortgage securing bonds.

1.1.182 “**Tenant’s Property**” means the interest of the Tenant in and to:

1.1.182.1 all trade fixtures, all tangible personal property (including Inventories), furniture, machinery, equipment (including computer hardware and communications equipment and computer process control equipment), vehicles, tools, spare parts, furnishings not in the nature of fixtures, operating records, reports, documents, plans and specifications relating to or used by the Tenant, whether as owner, lessee, licensee or otherwise, in the operation of the Leased Premises;

1.1.182.2 all unexpired, transferable warranties and guarantees from Third Parties with respect to any item of the personal property referred to in Section 1.1.182.1; and

1.1.182.3 all Financed Equipment.

1.1.183 “**Tenant’s Taxes**” has the meaning attributed thereto in Section 5.1.2.

1.1.184 “**Term**” means the Initial Term, together with the Renewal Term.

1.1.185 “**Term End Date**” means December 29, 2110, as such date may be extended pursuant to Section 2.2.3.

1.1.186 “**Third Party**” means any Person other than a Party or an Affiliate of a Party.

1.1.187 “**Third Party Claim**” means, in respect of a Party, a Claim by any Person against that Party other than: (i) a Claim by an Affiliate of that Party, (ii) a Claim by another Party, or (iii) a Claim by any Person who owns or holds, directly or indirectly, a direct or indirect legal or beneficial interest in any Equity Interests in that Party and such Claim is made in that Person’s capacity as an owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in that Party.

1.1.188 “**Transferee**” means a Person to whom a Tenant Transfer or Landlord Transfer has been made.

1.1.189 “**Transmission Company**” means Hydro One Networks Inc.

1.1.190 “**Unit 1**” means the first approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, being

developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology. For clarity, the associated electrical generating and other infrastructure referenced in this definition of “Unit 1” includes infrastructure that will be common to all nuclear electrical generating units forming part of the Facility.

1.1.191 “**Unit 1 Facility**” means:

1.1.191.1 Unit 1;

1.1.191.2 the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 1 Facility; and

1.1.191.3 the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 1 Facility.

1.1.192 “**Unit 2**” means the second approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at the Tenant’s sole discretion.

1.1.193 “**Unit 2 Facility**” means:

1.1.193.1 Unit 2;

1.1.193.2 the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 2 Facility; and

1.1.193.3 the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 2 Facility.

1.1.194 “**Unit 3**” means the third approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at the Tenant’s sole discretion.

1.1.195 “**Unit 3 Facility**” means:

1.1.195.1 Unit 3;

1.1.195.2 the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 3 Facility; and

1.1.195.3 the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 3 Facility.

1.1.196 “**Unit 4**” means the fourth approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at the Tenant’s sole discretion.

1.1.197 “**Unit 4 Facility**” means:

1.1.197.1 Unit 4;

1.1.197.2 the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 4 Facility; and

1.1.197.3 the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Tenant to be part of the Unit 4 Facility.

1.1.198 “**Unit Facilities**” means the Unit 1 Facility, the Unit 2 Facility, the Unit 3 Facility and the Unit 4 Facility, as applicable, and “**Unit Facility**” means any one of them.

1.1.199 “**Units**” means, collectively, Unit 1, Unit 2, Unit 3 and Unit 4, and “**Unit**” means any one of them.

1.1.200 “**Waste Storage Facility**” means one or more storage facilities or structures to be located on the Leased Premises for the handling, processing, compaction and interim storage of Low Level Waste and/or Intermediate Level Waste, and includes any replacement, successor and/or additional facilities and structures required therefor.

1.1.201 “**Wholly-Owned Affiliate**” means, with respect to any Person (the “First Person”), any other Person (i) that is a Wholly-Owned Subsidiary of the First Person; (ii) of which the

First Person is a Wholly-Owned Subsidiary; or (iii) that is a Wholly-Owned Subsidiary of another Person (the “Third Person”) and the First Person is also a Wholly-Owned Subsidiary of the Third Person; provided that, and notwithstanding the foregoing, the provisos set out in Section 1.1.3.1, Section 1.1.3.2, Section 1.1.3.3 and Section 1.1.3.4 shall apply to the foregoing definition *mutatis mutandis*.

1.1.202 “**Wholly-Owned Subsidiary**” of a Person means another Person in which Equity Interests representing 100% of the equity and 100% of the voting power are, at the time any determination is being made, owned by such first Person (including indirectly through more than one other Persons, where Equity Interests in each of such Persons representing 100% of the equity and 100% of the voting power are, at the time such determination is being made, owned by such first Person). For clarity, any Wholly-Owned Subsidiary of a Person that is itself a Wholly-Owned Subsidiary of another Person is a Wholly-Owned Subsidiary of that second mentioned Person and so on.

1.1.203 “**Wind-down Work**” has the meaning attributed thereto in the MOMA.

1.2 **Amendment and Restatement**

Effective as of the Effective Date, pursuant to section 8.5 of the Original Lease Agreement, the Original Lease Agreement shall be and is hereby amended and restated in its entirety with this Lease Agreement, provided that, for clarity, the rights or obligations of any Party which have accrued prior to the Effective Date shall be unaffected by the execution of this Lease Agreement. The Parties hereby agree that this Lease Agreement and the transactions contemplated hereby do not constitute a novation, rescission or termination of any of the rights or obligations of the Parties under the Original Lease Agreement.

1.3 **Exhibits**

The following exhibit (the “**Exhibit**”) is attached hereto and forms a part of this Lease Agreement:

Exhibit A	—	Form of Holt Road South Easement

1.4 **Schedules**

The following schedules (the “**Schedules**”) are attached hereto and form a part of this Lease Agreement:

Schedule 1.1.5	—	Ancillary Agreements
Schedule 1.1.37	—	Easements
Schedule 1.1.127	—	Permitted Encumbrances
Schedule 1.1.176	—	Nuclear Waste
Schedule 2.1	—	Leased Premises
Schedule 16.1	—	Dispute Resolution Procedure

1.5 Headings and Table of Contents

The inclusion of headings and a table of contents in this Lease Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Lease Agreement.

1.6 Gender, Number and Grammatical Changes

In this Lease Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

1.7 Currency

All amounts in this Lease Agreement are stated and shall be paid in Canadian currency, unless otherwise specified.

1.8 Statutes

Any reference in this Lease Agreement to a statute or to a regulation or rule promulgated under a statute or to any provision of a statute, regulation or rule will be a reference to the statute, regulation, rule or provision, as amended, re-enacted or replaced from time to time.

1.9 Invalidity of Provisions

Each of the provisions contained in this Lease Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Lease Agreement. To the extent permitted by Applicable Laws, the Parties waive any provision of Applicable Laws which renders any provision of this Lease Agreement invalid or unenforceable in any respect. The Parties shall endeavour in good faith to agree to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.10 Preparation of Lease Agreement

The terms and conditions of this Lease Agreement are the result of negotiations between the Parties and the Parties agree that this Lease Agreement will not be construed in favour of or against any Party by reason of the extent that any Party or any of its Representatives participated in the preparation of this Lease Agreement.

1.11 Survival of Personal Covenants

The Parties confirm their intention that all representations, warranties and covenants contained in this Lease Agreement, whether or not they touch and concern the land or run with the land, are intended to, and shall, enure to the benefit of and be binding upon each of the Parties from time to time and shall survive any surrender and redemise of the Leased Premises,

including during any Renewal Term and any surrender and redemise of the Leased Premises by operation of law.

1.12 Accounting Terms

Except as otherwise noted, all terms of an accounting or financial nature used in this Lease Agreement, if any, shall be interpreted and applied in accordance with Generally Accepted Accounting Principles.

1.13 Miscellaneous

1.13.1 References containing terms such as “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, shall be deemed to not be limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.

1.13.2 Whenever the terms “will” or “shall” are used in this Lease Agreement they shall be construed and interpreted as synonymous and to read “shall”.

1.13.3 The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or thing extends and shall not simply mean “if”.

1.13.4 The phrase “finally determined” shall mean, in respect of a matter, that such matter has been finally determined or decided by a court or tribunal of competent jurisdiction and (i) no appeal or review of such determination or decision has timely been sought if capable of being sought or (ii) any and all rights of appeal or review properly exercised have otherwise been exhausted.

1.13.5 References to any Person, including a Party, include the permitted successors and permitted assigns of that Person, provided that, for clarity, with respect to a Party, such successor or assign is specifically permitted pursuant to this Lease Agreement.

1.13.6 The words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” and words of like import used in this Lease Agreement shall refer to this Lease Agreement as a whole and not to any particular provision of this Lease Agreement unless expressly so limited.

1.13.7 References to Articles, Sections, Exhibits and Schedules are to Articles and Sections of, and Exhibits and Schedules to, this Lease Agreement unless otherwise specified.

1.13.8 Where this Lease Agreement states that an obligation shall be performed “no later than” or “within” or “by” a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.

1.13.9 Where this Lease Agreement states that an obligation shall be performed “on” a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.

1.13.10 Unless the context otherwise requires, all references to “days” means calendar days.

1.13.11 References to from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

1.13.12 Unless otherwise specified, any reference to time of day or date means the local time or date in Toronto, Ontario.

1.13.13 References to any standard, principle, Contract or document include a reference to that standard, principle, Contract or document as amended, supplemented, restated, substituted, replaced, novated or assigned from time to time.

ARTICLE 2 LEASE AND TERM

2.1 Demise of Leased Premises and Initial Term

The Landlord hereby demises and leases to the Tenant the Leased Premises to have and to hold for an initial term of 20 years (the “**Initial Term**”) commencing on the Commencement Date and, subject to Section 2.2, to be fully completed and ended on the 29th day of December, 2045.

2.2 Option to Renew Term

The Tenant (or a Shareholder on behalf of the Tenant) shall have the option to renew the term of this Lease Agreement for additional successive one-year renewal periods as set out in Section 2.2.1 (collectively, the “**Renewal Term**”), provided, however, that the “Renewal Term” may not be extended beyond, and shall be deemed to end upon, the date that is the earlier of: (a) the Term End Date; and (b) the later of (i) the final day of the Contract Year in which all of the Unit Facilities have been safely and permanently shut down; (ii) the final day of the Contract Year in which all Wind-down Work (if any) has been completed; (iii) solely in the event that a Stoppage Vote Resolution is passed in respect of the Facility, the final day of the Contract Year in which the Tenant has recovered all of the costs and expenses related to the Stopped Unit Facility or Stopped Unit Facilities for which OEB Cost Recovery has been granted (for clarity, after the Tenant has sought such OEB Cost Recovery for all such costs and expenses for which it intends to seek OEB Cost Recovery and an order of the OEB in respect of such costs and expenses has been issued, as finally determined); and (iv) the final day of the Contract Year in which the Tenant has recovered all costs and expenses for which OEB Cost Recovery has been granted (for clarity, after the Tenant has sought such OEB Cost Recovery of all costs and expenses for which it intends to seek OEB Cost Recovery and an order of the OEB in respect of such costs and expenses has been issued, as finally determined), in each case subject to the following terms and conditions:

2.2.1 the Tenant (or a Shareholder on behalf of the Tenant) has given the Landlord Notice (the initial Notice being, the “**Initial Renewal Notice**” and any subsequent Notice being, a “**Renewal Notice**”) of its exercise of the option to renew this Lease Agreement at least 90 days prior to the expiry of the Initial Term, which Initial Renewal Notice shall stipulate the number of one year renewal periods being exercised, with the Parties acknowledging that any number of one year renewals may be exercised at the same time and at any time. The Tenant (or a Shareholder on behalf of the Tenant) may deliver a Renewal Notice for any number of consecutive renewal periods at any time so long as a Renewal Notice for the next ensuing renewal period is delivered at least 90 days prior to the end of the then current Renewal Term. This Lease Agreement will end at the expiry of the last renewal period for which a Renewal Notice has been delivered without any further rights of extension or renewal. Notwithstanding the foregoing, if the Tenant fails to provide the Initial Renewal Notice or any Renewal Notice, the Tenant shall not lose the benefit of the options to renew contemplated under this Section 2.2 unless the Landlord provides Notice to the Tenant advising it of such failure and the Tenant subsequently fails to exercise its option(s) to renew within 90 of the Tenant’s receipt of such Notice (and, for clarity, if the Tenant elects to exercise its option(s), the Tenant’s rights in relation to further one-year renewal options as contemplated under this Section 2.2 shall be fully reinstated);

2.2.2 any renewal will be on the same terms and conditions as are contained in this Lease Agreement, including all personal covenants of the Parties hereunder whether or not they touch and concern the Leased Premises or any part thereof (and, although not required for the renewal to be effective, at the request of either the Landlord or the Tenant, the Parties shall enter into a written lease renewal agreement which shall confirm that the Term is renewed on such terms and conditions), except:

2.2.2.1 the Tenant shall have no further right to renew or extend the Term except as specifically provided in this Lease Agreement; and

2.2.2.2 the Tenant accepts the Leased Premises in “*as-is, where-is, with all faults*” condition and the Landlord shall not be obligated to perform any work in the Leased Premises or to pay to the Tenant any allowance or inducement payment; and

2.2.3 notwithstanding any other provisions of this Section 2.2, if any of the Units comprising the Facility remain in operation on December 31, 2110, then the Term End Date shall be automatically extended until the date on which all of the Unit Facilities have been safely and permanently shut down;

2.2.4 notwithstanding any other provision of this Lease Agreement, the Term shall automatically terminate and come to an end upon the termination of either (i) the MOMA; or (ii) the Project Management Agreement, solely in the event either such agreement is terminated prior to the expiration of their respective terms; and

2.2.5 the Parties acknowledge that the Initial Term, together with the Renewal Term (assuming the Renewal Term is exercised in full), provide for a total lease term that is not less than the expected useful life of the Facility.

2.3 No Other Rights to Terminate

The Parties will have no rights or entitlements to terminate this Lease Agreement, including in the event of a material breach, or to accept repudiation of this Lease Agreement by the other Party, and will not exercise, nor purport to exercise, any such right or entitlement, except as explicitly set forth in Sections 2.1, 2.2, 11.1.2 and 15.2 of this Lease Agreement.

2.4 Landlord's Title and Permitted Encumbrances

The Tenant shall perform or cause to be performed at the Tenant's expense all obligations to be performed by the Tenant under the Permitted Encumbrances and those obligations of the Landlord thereunder which the Tenant is required to perform pursuant to the provisions of this Lease Agreement. Subject to the terms of this Lease Agreement, the Landlord and the Tenant agree, at their own expense, to execute all documents and do all things reasonably necessary to enable the Landlord or the Tenant to perform its obligations under the Permitted Encumbrances, to comply therewith and to permit the other parties to the Permitted Encumbrances to exercise all of their rights thereunder. The Landlord and the Tenant covenant that, in the exercise of their rights under this Lease Agreement, neither of them will do, nor neglect to do, any act or thing which will constitute a breach of any of the provisions of the Permitted Encumbrances.

2.5 Certain Rights Reserved by Landlord and Access Rights

2.5.1 The Tenant shall grant to the Landlord easements, licences or rights from time to time over, across, under or within the Leased Premises as the Landlord may reasonably require, including, for clarity, as may be required by the Landlord to perform its obligations under this Lease Agreement (including with respect to its Nuclear Waste Management Obligations), provided that no such easement, licence or other rights shall unduly interfere with the operations of the Tenant or its Representatives at the Site (including the Project Manager, the Operator and the Agent) and that such easements, licences or other rights comply with Applicable Laws and with all Permits and Environmental Permits required to perform and discharge the respective obligations of the Parties under this Lease Agreement and the other Facility Documents and to conduct the Permitted Uses.

2.5.2 The Tenant shall enter into the leases, licences and agreements contemplated by the Ancillary Agreements and the Tenant shall permit the Landlord access to and the use of the Leased Premises to the extent required to give effect to such leases, licences and agreements and to perform its obligations under the Ancillary Agreements.

2.5.3 Following the execution and delivery of the MNR Easement Agreement by all parties thereto, the Landlord shall provide the Tenant with all appropriate rights and remedies which may be held by the Landlord under the MNR Easement Agreement, and which are required by the Tenant in respect of the Leased Premises and the Facility in a manner consistent with the Permitted Uses and the Landlord shall cooperate with the Tenant, acting reasonably, in the Tenant's exercise of such rights and remedies.

2.6 Ownership of Improvements

The title to and ownership of all Improvements made to the Leased Premises from time to time on or after the Commencement Date, including all alterations and expansions thereof and replacements thereto, shall, by operation of law, immediately and automatically remain, pass to and become vested in the Landlord without any compensation to the Tenant. Upon the Landlord obtaining title to and ownership of such Improvements and in accordance with the definition of “Leased Premises” set forth in Section 1.1.93, such Improvements shall form part of the Leased Premises, and the Tenant shall acquire a leasehold interest in such Improvements. For clarity and notwithstanding the foregoing, the Tenant shall have the right to make all Improvements from time to time to the Leased Premises without the consent of the Landlord, including all alterations and expansions thereof and replacements thereto, in accordance with the Permitted Uses.

2.7 Condition of the Leased Premises

The Tenant hereby accepts possession of and title to the Leased Premises in an “*as-is, where-is, with all faults*” condition as the same is found on the Commencement Date. The Tenant expressly acknowledges it is entering into this Lease Agreement without relying on any representations or warranties from the Landlord, whether express or implied, regarding the Leased Premises (including as to the condition, area, physical characteristics, developability, profitability, use or zoning, the existence of latent defects, any structural, geotechnical, hydrological or environmental matters or condition or as to the accuracy, currency or completeness of any information or documentation supplied by the Landlord or any of its Representatives), except to the extent expressly set out in Section 19.1.

2.8 Further Assurances and Changes

2.8.1 The Landlord and the Tenant shall grant to the other from time to time such easements, licences and rights over, across and under or within the Leased Premises during the Term as may be reasonably required for the purposes of giving effect to this Lease Agreement and the other Facility Documents and to allow the parties to the Facility Documents to comply with their respective obligations thereunder.

2.8.2 The Landlord and the Tenant shall have the right with the written consent of the other from time to time to alter, replace, rebuild and/or relocate the easements, licences and rights from time to time granted by them hereunder, provided that any such alteration, replacement, rebuilding and/or relocation: (i) shall not interfere with the operations of the Tenant or the Landlord; (ii) is proceeded with diligently to completion and is carried out in a manner so as not to cause, or reasonably threaten to cause, the cancellation by any Governmental Authority of any Permit or any Environmental Permit required from time to time to carry out the Permitted Uses and to discharge the Parties’ respective obligations under this Lease Agreement; and (iii) complies in all respects with Applicable Laws.

2.9 Control over Premises

As between the Landlord and the Tenant, the Tenant shall at all times control the Leased Premises.

2.10 Access Easement and Licences

2.10.1 The Landlord covenants and agrees with the Tenant:

2.10.1.1 to retain the services of a licensed Ontario Land Surveyor promptly following the Effective Date and cause the preparation by such surveyor of a survey and reference plan identifying as specific parts on such survey and reference plan, all of the lands comprising the Holt Road South Easement Lands and thereafter to cause such reference plan to be deposited on title to the Holt Road South Easement Lands;

2.10.1.2 use commercially reasonable efforts to obtain all required consents for purposes of compliance with the subdivision control provisions of the *Planning Act* (Ontario) or any similar legislation, with respect to the grant of the Holt Road South Easement, at no cost to the Tenant; and

2.10.1.3 following the issuance of all required consents referred to in Section 2.10.1.2 and subject to Section 2.9, enter into an easement agreement in the form attached as Exhibit A (the “**Holt Road South Easement**”) together with a transfer and grant of such Holt Road South Easement in registrable form, which the Tenant can register, granting to the Tenant, at no cost to the Tenant or its Representatives, for the duration of the Term a non-exclusive easement in favour of the Tenant, its Representatives and the permitted occupants from time to time of the Leased Premises, their invitees, agents, employees and representatives in, on, over, along and upon the Holt Road South Easement Lands in a manner consistent with the Permitted Uses.

2.10.2 The Landlord hereby grants to the Tenant and its Representatives and the permitted occupants from time to time of the Leased Premises, their invitees, agents, employees and representatives, at no cost to the Tenant or its Representatives, a non-exclusive licence in, on, over, along and upon:

2.10.2.1 the Holt Road South Easement Lands for the period commencing on the Effective Date and ending on the date on which the Holt Road South Easement is registered on title to the Holt Road South Easement Lands; and

2.10.2.2 the Holt Road Bridge for the duration of the Term,

for the purposes of vehicular and pedestrian access to and from the Leased Premises in a manner consistent with the Permitted Uses.

ARTICLE 3 RENT

3.1 Base Rent

The Landlord acknowledges that the Tenant has paid base rent in the amount of \$1.00 (the “**Base Rent**”) in full, the receipt and sufficiency of which is acknowledged by the Landlord and represents all Base Rent payable by the Tenant for the duration of the Term.

3.2 Additional Rent

The Tenant shall pay to the Landlord, in addition to the Base Rent, all other amounts which become due and payable pursuant to this Lease Agreement by the Tenant whether payable to the Landlord or otherwise. For clarity, no amount payable by the Tenant on account of Sales Taxes, Tenant’s Taxes, Excluded Taxes payable by the Tenant, premiums and other sums of money payable for maintaining Tenant’s Insurance, will be Additional Rent. All Additional Rent will be payable to the Landlord in the manner and at the time set out herein, in immediately available and irrevocable funds by electronic funds transfer to such bank account, or bank accounts, in the Province of Ontario as the Landlord may notify the Tenant in writing from time to time. Additional Rent shall be deemed to be rent, receivable as such. The obligation of the Tenant to pay any Rent owing, accrued or unpaid at the end of the Term shall survive the expiration of the Term or earlier termination of this Lease Agreement.

3.3 Sales Taxes

In addition to all amounts payable by the Tenant under this Lease Agreement as Rent, the Tenant shall pay at the same time as any amount is payable under this Lease Agreement, all Sales Taxes calculated on or in respect of amounts payable by the Tenant or otherwise payable as a result of this Lease Agreement or in respect of services or supplies provided pursuant to this Lease Agreement. Each of the Tenant and the Landlord: (i) represent to the other that it is registered under Subdivision D of Division V of Part IX of the ETA; and (ii) shall promptly invoice one another when Sales Taxes are payable and such invoice shall include all information set out in subsection 169(4) of the ETA and the *Input Tax Credit Information (GST/HST) Regulations* promulgated thereunder.

3.4 Net Lease

Except to the extent specifically provided for in this Lease Agreement, the Tenant acknowledges and agrees that this Lease Agreement is to be absolutely net and carefree to the Landlord and that the Landlord shall not be responsible during the Term for any costs, charges, Taxes or other expenses of any nature whatsoever arising from or relating to the use of the Leased Premises by the Tenant. For clarity, (i) the Tenant shall be responsible for all costs of any kind relating to the Tenant’s use of the Leased Premises during the Term, including all costs in respect of the Permitted Uses, (ii) the Tenant shall not be responsible to the Landlord pursuant to this Lease Agreement for costs incurred by OPG acting in any capacity other than as Landlord, including as the Project Manager, the Operator or the Agent, provided that, for clarity, this Section 3.4 shall not relieve the Tenant from any obligation to pay OPG amounts owing under the Project Management Agreement, the MOMA and/or the IESO Payments Agreement, and (iii) the

Landlord shall be responsible for all costs, charges, Taxes or other expenses of any nature whatsoever arising from or relating to the performance by the Landlord of its obligations under this Lease Agreement, including the Nuclear Waste Management Obligations and the Decommissioning Obligations, and the exercise of its rights under this Lease Agreement, but excluding the exercise of its rights as a result of the Tenant's breach of its obligations under this Lease Agreement.

3.5 Set-off and Abatement

Except as specifically provided for in Section 5.1.1, all Rent shall be paid by the Tenant to the Landlord when due, without notice or demand therefor, and without any abatement, set-off, compensation, suspension, deferral or deduction whatsoever.

ARTICLE 4 GENERAL COVENANTS

4.1 Landlord's Covenants

The Landlord covenants with the Tenant:

4.1.1 that the Landlord has the absolute right to lease the Leased Premises to the Tenant in accordance with the terms hereof;

4.1.2 that the Tenant, subject to the Permitted Encumbrances and the rights reserved by the Landlord under this Lease Agreement and under the Ancillary Agreements, may peacefully possess and enjoy the Leased Premises for the Term without any interruption or disturbance from the Landlord or any Person or Persons lawfully claiming by, through or under the Landlord; and

4.1.3 to observe and perform all covenants and obligations of the Landlord contained in this Lease Agreement.

4.2 Tenant's Covenants

Subject to any specific provisions in this Lease Agreement to the contrary, the Tenant covenants to pay Rent and to observe and perform all of the covenants and provisions of this Lease Agreement on its part to be observed and performed.

4.3 No New Generating Plant

During the Term, the Tenant shall not suffer or permit all or any part of the Leased Premises to be used for the construction or operation of any new plant to generate electricity, other than the Facility.

ARTICLE 5 TAXES AND OPERATING COSTS

5.1 Payment of Taxes

5.1.1 The Landlord shall be responsible for and shall pay or cause to be paid when due (i) all Taxes (other than the Tenant's Taxes), and all late charges, penalties or interest thereon (the "**Landlord's Taxes**"), and (ii) its Excluded Taxes. If the Landlord fails to pay the Landlord's Taxes when due, the Tenant may but shall not be obligated to pay the Landlord's Taxes to the applicable Governmental Authorities and upon receiving Notice from the Tenant thereof, the Landlord shall reimburse the Tenant for such paid amounts. If the Landlord fails to reimburse the Tenant within 30 days after Notice thereof has been given by the Tenant to the Landlord, in addition to its other remedies under this Lease Agreement, such payment may be set-off against Base Rent and Additional Rent next falling due under this Lease Agreement.

5.1.2 The Tenant shall pay or cause to be paid when due all: (i) real property Taxes levied in respect of the Leased Premises; (ii) late charges, penalties or interest thereon (except to the extent such late charges, penalties or interest result from the Landlord (and not the Tenant), in which case such late charges, penalties and interest shall be deemed to be Landlord's Taxes), (such Taxes and amounts referenced in subparagraphs (i) and (ii) collectively, the "**Tenant's Taxes**"); and (iii) its Excluded Taxes, in each case, directly to the applicable Governmental Authorities; provided that if the Tenant is directed to do so in writing by the Landlord, at its option, with respect to the Tenant's Taxes or any component thereof, the Tenant shall instead pay such amount(s) to the Landlord. If the Tenant fails to pay or cause to be paid any Tenant's Taxes pursuant to this Article 5 when due to the Governmental Authorities or the Landlord, as the case may be, after Notice to the Tenant, the Landlord may, but shall not be obligated to, pay the same and the amount so paid by the Landlord shall be forthwith repaid by the Tenant to the Landlord as Additional Rent in accordance with Section 3.2. Notwithstanding anything to the contrary, the costs referred to in subparagraph (ii) of this Section 5.1.2 shall be the responsibility of the Landlord if the Landlord (and not the Tenant) is late in the payment of such Tenant's Taxes.

5.2 Allocation of Taxes

5.2.1 If the Landlord's Taxes or the Tenant's Taxes or both (or any portion thereof) are not separately assessed by the relevant Governmental Authority, the Tenant and the Landlord shall use commercially reasonable efforts to obtain separate assessments, or failing that, to obtain such official information as is necessary to enable them to determine the Taxes payable by each of them pursuant to Section 5.1. If such official information is not so obtained, the Tenant's Taxes payable by the Tenant shall be allocated by the Landlord in good faith and in a reasonable and non-discriminatory manner and which is, to the extent possible, consistent with the basis upon which the Governmental Authority having jurisdiction over the calculation of Taxes determines the amount of the Taxes, and the Landlord shall provide Notice to the Tenant of such allocation, including reasonable supporting details and calculations. The Landlord and the Tenant shall each pay when due the Landlord's Taxes and the Tenant's Taxes, respectively, as set forth in the Notice

(including as such amounts may be revised prior to the due date of such taxes as contemplated in Section 5.2.2).

5.2.2 At any time within 60 days following the receipt of the Notice provided pursuant to Section 5.2.1, the Tenant shall be entitled to provide Notice to the Landlord of any objection to the allocation set forth therein. If the Tenant provides such Notice of objection, the Parties shall discuss the allocation in good faith for a period of not less than 30 days (or such other period as the Parties may agree). In the event that the Parties are unable to agree on the allocation of the Tenant's Taxes within such period, the matter will be settled in accordance with the Dispute Resolution Procedure. Any resulting adjustment to the amount of Tenant's Taxes paid or payable by the Tenant (plus interest calculated at the rate of Prime Rate *per annum*) shall be paid by the appropriate Party within 10 Business Days of the final determination of such Dispute.

5.3 Copies of Assessments

Each of the Landlord and the Tenant shall promptly provide to the other copies of any charges, levies, imposts or assessments received in respect of Taxes exigible with respect to the Leased Premises and receipts or appropriate evidence as to the due payment of such Taxes.

5.4 Rights to Contest Taxes

The Tenant acknowledges that the Landlord may appeal any official assessment that may be subject to appeal or the amount of any Taxes based on such assessment and relating to the Tenant's Property, the Leased Premises or any part thereof. The Tenant may also appeal any official assessment or any Taxes based on such assessment.

Neither the Landlord nor the Tenant shall institute any appeal without notice to the other and, where their interests do not conflict, each shall extend its co-operation and assistance to the other in respect of such appeal. The Tenant shall pay the Tenant's Taxes and the Landlord shall pay the Landlord's Taxes, in each case charged, levied, imposed or assessed against it or for which it is in any way liable, or where its interest or property is subject to the lien thereof, without prejudice to its rights to recover from the other Party such portion, if any, of the Taxes charged and paid by it as may be properly charged, under the provisions of this Article 5, against the other Party. In the event the appeal is successful, the Landlord or the Tenant, as applicable, will be reimbursed by the other Party for its share of any amount recovered on account of the Tenant's Taxes or the Landlord's Taxes, as applicable, net of any reasonable costs associated with pursuing the appeal.

5.5 Payment of Utilities Costs

5.5.1 The Tenant shall be responsible for and shall promptly pay when due all costs and expenses incurred by the Landlord or the Tenant for the cost of all utilities (including any costs of maintenance or operation in connection with such supply of utilities) supplied to the Leased Premises.

5.5.2 The Tenant shall have the right to have any utilities it requires to support the Permitted Uses, in its discretion, installed on the Leased Premises, subject to the prior written consent of the Landlord, not to be unreasonably withheld or delayed.

5.5.3 The Tenant shall obtain the prior written consent of the Landlord, not to be unreasonably withheld or delayed, with respect to the nature and location of any utility lines required by the Tenant to support the Permitted Uses, which are required to be located on, under, over or across the Landlord's property.

ARTICLE 6 OPERATION, REPAIRS AND MAINTENANCE

6.1 Permitted Uses

The Tenant may use the Leased Premises only for the purposes of design, development, construction, commissioning, operation, management, maintenance, modification, improvement, refurbishment and repair of the Facility, and for all ancillary uses related thereto, including the Wind-down Work, provided that any such uses are carried out in accordance with, and permitted by, Applicable Laws (the "**Permitted Uses**"). For clarity, the terms "Unit" and "Unit Facility" shall be interpreted hereunder to mean as the applicable Unit or Unit Facility may be so modified, improved, refurbished and/or repaired in accordance with the Permitted Uses.

6.2 Operation, Repair and Maintenance

The Tenant must operate, repair, and maintain the Leased Premises in a manner which is consistent with Prudent Industry Practices, including keeping all appropriate records and preserving and keeping in good standing all Permits and Environmental Permits required to be obtained from time to time for the Tenant to conduct the Permitted Uses and to discharge its obligations under this Lease Agreement. In so doing, the Tenant shall ensure that it:

6.2.1 carries out such operation, repair and maintenance in accordance with Applicable Laws; and

6.2.2 carries out such operation, repair, and maintenance in a manner and to the extent necessary, to comply with the requirements specified in any insurance policy relating to the Leased Premises required to be held under this Lease Agreement.

6.3 Replacements and Reconstruction

Where in the course of maintenance, repair, replacement, upgrading or overhaul of the Improvements, the Tenant replaces, modifies, alters, renews or adds to the Leased Premises (other than on a temporary basis), such replacements, modifications, alterations, additions and renewals shall immediately become the property of the Landlord and form part of the Leased Premises. The Tenant will have the right to acquire from the Landlord for the price of \$1.00 those parts of the Improvements which have been replaced or upgraded by it or where such Improvements have become obsolete and are no longer required to properly operate the Leased Premises in accordance with the other provisions of this Lease Agreement. For clarity, the Tenant

shall have the right, without the consent of the Landlord, to make, from time to time, any and all Improvements to the Leased Premises, including all replacements, modifications, alterations, renewals, additions, provided such Improvements are in accordance with the Permitted Uses.

6.4 Regulatory Compliance

6.4.1 The Tenant shall comply with all Applicable Laws relating to its operation, use or possession of the Leased Premises as contemplated in this Lease Agreement and shall, or shall cause the Operator to, at all times maintain in full force and effect all Permits and Environmental Permits required from time to time for the Tenant to conduct the Permitted Uses and to discharge its obligations under this Lease Agreement. The Tenant shall not commit, suffer or permit any act or omission in respect of the Leased Premises which will result in an illegal use or cause any material breach of Applicable Laws. If Applicable Laws require any changes to the Leased Premises in respect of the Permitted Uses, the Tenant will perform such changes at the Tenant's sole cost and expense subject to complying with the provisions of this Lease Agreement. To the extent required, the Tenant is hereby constituted the authorized agent of the Landlord for the purposes of carrying out, at the Tenant's sole cost and expense, all obligations of an owner of the Site for complying with Applicable Laws as they relate to the Permitted Uses. For clarity, the Tenant's obligations set forth in this Section 6.4 do not limit the Landlord's obligations pursuant to this Lease Agreement, including the obligations set forth in Sections 8.3 and 8.4.

6.4.2 Any Person (such as the Landlord, the Tenant, a Landlord's Mortgagee, a Tenant's Mortgagee or a Transferee) who becomes entitled pursuant to the terms of this Lease Agreement to occupy, use or operate the Leased Premises or any part thereof, to construct or remove any Financed Equipment, to make Improvements, to enter into or part with possession of all or any part of the Leased Premises, to sell, transfer, assign or sublease, all or any part of the Leased Premises or any interest in this Lease Agreement or to appoint an agent, or other Person having a right, an option or any authority to sell all or any part of the Leased Premises or any Tenant's Property:

6.4.2.1 shall only do so in compliance with Applicable Laws and this Lease Agreement; and

6.4.2.2 shall, if required under Applicable Laws, promptly provide the CNSC with notice of its exercising such right.

This Section 6.4.2 shall not apply to the granting or acquisition of an Encumbrance in respect of the Leased Premises granted to a Landlord's Mortgagee or a Tenant's Mortgagee which is made in accordance with the terms of this Lease Agreement.

6.5 Construction Liens

In the conduct of any work, the Tenant shall comply with Applicable Laws respecting construction liens and shall maintain any required statutory holdbacks and take all steps necessary to ensure that any registration of any construction lien or other Encumbrance is vacated within a period of 15 Business Days, failing which the Landlord shall have the right, upon five Business Days' notice to the Tenant, to pay the applicable amount into court so as to vacate such

registration, whether or not the validity of such construction lien or other Encumbrance is admitted or denied by the Tenant. The Tenant shall indemnify and save harmless the Landlord and the Tenant shall, within five Business Days of receipt of an invoice therefor (which invoice shall include reasonable documentation supporting the costs and expenses incurred by the Landlord), reimburse the Landlord for any payment, cost or expense incurred by the Landlord in taking any action permitted under this Section 6.5.

ARTICLE 7 RETURN ON EXPIRY OR TERMINATION

7.1 End of Lease Obligations

Subject to Section 8.3 and Article 11, upon the expiration of the Term or the earlier termination of this Lease Agreement, the Tenant shall return to the Landlord the Leased Premises in an “*as-is, where-is, with all faults*” condition.

7.2 Surrender of Leased Premises and Option to Purchase Tenant’s Property

Upon the expiration of the Term or earlier termination of this Lease Agreement:

7.2.1 the Tenant shall deliver up possession of the Leased Premises in accordance with its obligations under Section 8.3, and the Leased Premises shall thereupon vest in the Landlord free and clear of any Encumbrances (other than Permitted Encumbrances and any Encumbrances created by or arising at the request of, or arising due to any act or omission, of the Landlord, the Landlord’s Mortgagees and/or their respective Representatives), including any Tenant’s Mortgage, and, where applicable, the Tenant shall procure the release and discharge of any Encumbrances (other than Permitted Encumbrances and any Encumbrances created by or arising at the request of, or arising due to any act or omission, of the Landlord, the Landlord’s Mortgagees and/or their respective Representatives) including any Tenant’s Mortgage;

7.2.2 the Tenant shall, not less than 12 months prior to the expected permanent shutdown of the last Unit comprising the Facility, deliver or cause to be delivered to the Landlord a complete list of all Contracts relating to, and rights benefiting, the Leased Premises which are intended to survive the expiration of the Term or earlier termination of this Lease Agreement. The Landlord shall review and deliver written notice to the Tenant confirming which of the Contracts and rights identified by the Tenant, the Landlord intends to assume (such Contracts and rights being, the “**Required Contracts and Rights**”). The Tenant shall cooperate with and provide all reasonable assistance to the Landlord in identifying and obtaining any applicable Consents which may be required by the terms of such Required Contracts and Rights to enable the Tenant to transfer and assign to the Landlord, to the extent assignable, the Required Contracts and Rights. The Landlord shall assume, to the extent assumable (but only to the extent that any applicable Consents have been obtained to such assignment and assumption), the Tenant’s right, title and interest in and the benefit of those Required Contracts and Rights, provided that such Required Contracts and Rights are in good standing. The Tenant shall obtain any Consents which may be required in connection with such assignment at its sole cost and expense, provided that the Tenant shall

not be required to make any payments or pay any fees to the counterparties of such Required Contracts and Rights in order to obtain such Consents, save and except for legal costs and other costs incurred by the Tenant as part of such Consent process. Until any required Consent is obtained, the Tenant shall hold any such Required Contracts and Rights in trust for the benefit of the Landlord and shall take such actions as the Landlord may from time to time direct for the account and benefit of the Landlord;

7.2.3 the Tenant shall, or shall cause the Operator to, as applicable: (i) assign to the Landlord, to the extent assignable, the benefit of any Permits and Environmental Permits issued to the Tenant to conduct the Permitted Uses; and (ii) assist and co-operate with the Landlord in order to secure any Consents which may be required for the transfer of such Permits and Environmental Permits into the name of the Landlord;

7.2.4 to the extent the Tenant is required to maintain same pursuant to Applicable Laws or the terms of this Lease Agreement, the Tenant shall deliver to the Landlord, to the extent available, complete and accurate copies of all operating records, inspection reports, environmental and decommissioning reports, documents, plans and specifications and all other materials which are required to be maintained by Applicable Laws as at the expiration of the Term or earlier termination of this Lease Agreement in respect of the Leased Premises or which relate to the ownership, operation, use or maintenance of the Leased Premises, and the Landlord shall have the right to enjoy and use such records, reports, documents, plans and specifications free of restrictions imposed by the Tenant, but subject to those restrictions applicable to the Tenant to the extent such restrictions are applicable to the Landlord;

7.2.5 the Landlord shall have the right exercisable upon Notice to the Tenant prior to such expiration of the Term or earlier termination of this Lease Agreement to purchase for the price of \$1.00 the interest of the Tenant in and to any Tenant's Property to the extent such Tenant's Property can be conveyed pursuant to Applicable Laws and subject to the terms of any existing Contracts relating thereto (including with respect to obtaining any required Consent for which the Tenant shall be responsible to obtain), and, in the case of Financed Equipment, individual items of Financed Equipment selected by the Landlord to the extent such Financed Equipment can be conveyed pursuant to Applicable Laws and subject to the terms of any existing Contracts relating thereto (including with respect to obtaining any required Consent for which the Tenant shall be responsible to obtain). Upon such notice being given, the title to and ownership of such Tenant's Property and/or Financed Equipment, as applicable, shall be deemed to be transferred to and belong to the Landlord for delivery as at the expiration of the Term or earlier termination of this Lease Agreement, free and clear of any Encumbrances (including any Tenant's Mortgage but excluding any Encumbrances created by or arising at the request of, or arising due to any act or omission, of the Landlord, the Landlord's Mortgagees and/or their respective Representatives). If the interest of the Tenant in and to any Tenant's Property is not purchased by the Landlord pursuant to this Section and such Tenant's Property is not removed by the Tenant pursuant to Section 7.2.6, the same shall vest in the Landlord free and clear of any Encumbrances (including any Tenant's Mortgage but excluding any Encumbrances created by or arising at the request of, or arising due to any act or omission, of the Landlord, the Landlord's Mortgagees and/or their respective Representatives) upon such expiration of the Term or earlier termination of this Lease Agreement and the Landlord

shall have no obligation to pay for such Tenant's Property. The Tenant shall be responsible for paying out and discharging any such Encumbrances not assumed by the Landlord and shall indemnify and save the Landlord harmless from any such Encumbrances (in all cases excluding any Encumbrances created by or arising at the request of, or arising due to any act or omission, of the Landlord, the Landlord's Mortgagees and/or their respective Representatives);

7.2.6 if any Tenant's Property is not purchased by the Landlord pursuant to Section 7.2.5, the Tenant, at the expiration of the Term or earlier termination of this Lease Agreement (if not then in default thereunder and subject to obtaining any required Consent from the CNSC), may remove all or any part of the Tenant's Property from the Leased Premises. The Tenant shall make good all damage to the Leased Premises occasioned by the removal thereof, failing which the Tenant shall pay to the Landlord all costs and expenses incurred by the Landlord in making good such damage;

7.2.7 if the Tenant does not comply with its obligations in this Section 7.2, the Landlord may take any action it considers necessary to ensure that the Tenant's obligations are fulfilled and the Tenant hereby irrevocably appoints the Landlord as the Tenant's attorney with full power and authority to do, execute and deliver in the name of the Tenant such things, documents and instruments as may be necessary or desirable to give effect to this Section 7.2. The Tenant shall pay all costs and expenses of so doing on demand by the Landlord; and

7.2.8 subject to the terms of Sections 7.2.1 to 7.2.7, the Landlord and the Tenant shall cooperate with one another in connection with their transfer obligations at the expiry of this Lease Agreement or its earlier termination.

Notwithstanding anything to the contrary, during the 12 months prior to the expected expiration of the Term, the Tenant may sell any Tenant's Property not related to, or needed for, the operation of the Facility, Decommissioning or the management, storage, processing, transportation or disposal of Nuclear Waste arising from the Facility, without the consent of the Landlord.

ARTICLE 8 ENVIRONMENTAL MATTERS

8.1 Tenant's Covenants

The Tenant shall:

8.1.1 obtain and hold, or cause the Operator to obtain and hold, all Environmental Permits material to its operation, and any other operation or activity undertaken by or on behalf of the Tenant, at the Leased Premises;

8.1.2 cause its Representatives, the Operator, and permitted occupants of the Leased Premises, each as applicable, to provide to the Tenant a copy of any such Environmental Permit and any document specifying any term related to such Environmental Permit within

one Business Day of such Representative, the Operator or permitted occupant obtaining such an Environmental Permit;

8.1.3 comply, and, to the extent of its obligations under this Lease Agreement (for clarity, excluding any obligations of the Landlord hereunder), shall use commercially reasonable efforts to cause its Representatives, the Operator and permitted occupants of the Leased Premises, as applicable, to comply with all terms, conditions and provisions of Environmental Law and Environmental Permits issued to the Tenant and any other Environmental Permits concerning the Leased Premises or the Facility, the existence and terms of which the Tenant is made aware; and

8.1.4 not permit the Release of Hazardous Materials contrary to Environmental Law.

8.2 Environmental Reporting

8.2.1 Each year the Tenant will provide the Landlord with an environmental report in form and substance acceptable to the Landlord, acting reasonably, with respect to the compliance of the Site (excluding in respect of the Landlord's obligations under the Lease Agreement) with applicable Environmental Law. Every fifth year, such report shall be prepared by a qualified professional who is independent of the Tenant and acceptable to the Landlord, acting reasonably. Any report or plan prepared pursuant to this Section 8.2 shall, among other things, address the following activities to the extent they relate to or arise from the presence of Hazardous Materials, Nuclear Materials or Nuclear Substances at the DNNP Nuclear Installation, the Facility, the Site, or an off-Site location where such Hazardous Materials, Nuclear Materials or Nuclear Substances originated from the Site:

8.2.1.1 monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work;

8.2.1.2 compliance with and obtaining any Permit or any Environmental Permit of any Governmental Authority necessary to conduct any such activity;

8.2.1.3 communications with Governmental Authorities and Third Parties;

8.2.1.4 preparing and implementing any further plans or studies for any such activity;

8.2.1.5 if an order for Remediation has been issued by a Governmental Authority and it is reasonably feasible to obtain, obtaining a confirmation from such Governmental Authority that it does not require any material additional Remediation work to be carried out by the Tenant;

8.2.1.6 the use, implementation, application, installation, operation or maintenance of remedial or removal actions or the remedial technologies applied to the surface or subsurface soils, excavation and off-Site treatment or disposal of soils, systems for long term treatment of surface water or groundwater, engineering controls or institutional controls; and

8.2.1.7 any other activities which are required under Environmental Law or Nuclear Law to address the presence or Release of Hazardous Materials, Nuclear Materials or Nuclear Substances at the DNNP Nuclear Installation, the Facility, the Site, or an off-Site location where such Hazardous Materials, Nuclear Materials or Nuclear Substances originated from the Site,

but, in each case, excluding in respect of the Landlord's obligations under this Lease Agreement, including those set out in Schedule 1.1.176.

8.2.2 Each Party will provide the other Party with prompt Notice upon becoming aware of any non-compliance with Environmental Law, Nuclear Law, Permits or Environmental Permits or the presence of Hazardous Materials, Nuclear Materials or Nuclear Substances which may have a material adverse effect on the Leased Premises, the Facility or any equipment or business activities of the Tenant on the Leased Premises.

8.3 Remediation Obligations and Landlord Indemnification for Specified Releases

8.3.1 Notwithstanding anything to the contrary in this Lease Agreement, the provisions of this Section 8.3 do not apply to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, the Facility, or an Other OPG Nuclear Facility, or (ii) any Release of any Nuclear Material or Nuclear Substance at the DNNP Nuclear Installation, the Facility, the Site, an Other OPG Nuclear Facility, or an Other OPG Nuclear Site.

8.3.2 The Tenant shall, or shall cause the Operator to, conduct the Remediation of any Release of Hazardous Materials on, in, under or flowing or migrating to or from the Leased Premises in accordance with Prudent Industry Practices, in each case to the extent such Remediation is required by Applicable Laws ("**Tenant Required Remediation**"). The Tenant shall, subject to Section 8.3.3, bear all costs and expenses of all Tenant Required Remediation. For clarity, the Tenant may, at its cost and expense, conduct any Remediation of any Release of Hazardous Materials that does not constitute Tenant Required Remediation.

8.3.3 The Landlord shall indemnify and save harmless each Tenant Indemnitee from and against any and all Direct Losses incurred by such Tenant Indemnitee in connection with any Specified Release, including, for clarity: (i) cost of the completion of Tenant Required Remediation to the extent constituting a Specified Remediation, and (ii) any Third Party Claim brought against a Tenant Indemnitee to the extent such Third Party Claim is brought in respect of, or to the extent it concerns, a Specified Release (a "**Specified Third Party Claim**"), all in the manner set forth in the remainder of this Section 8.3.3 (or as otherwise agreed in writing by the Landlord and the Tenant) and subject to the limitations set forth in Section 8.3.4. Where the Tenant Indemnitees have incurred any Direct Losses in connection with any Specified Release, the Tenant shall cause the Operator to seek OEB Cost Recovery for such Direct Losses, as reasonably determined by the Operator, in accordance with the MOMA (such Direct Losses, collectively, the "**Specified Costs**"). If OEB Cost Recovery is not granted in respect of the Specified Costs sought pursuant to the foregoing, the Landlord shall, subject to Section 8.3.4, indemnify the Tenant Indemnitees from and against the

difference between: (i) all Specified Costs, and (ii) the amount of the Specified Costs for which OEB Cost Recovery is granted. For clarity, the Landlord shall not be required to indemnify the Tenant pursuant to this Section 8.3.3 before the amount contemplated by the preceding sentence is finally determined.

8.3.4 The indemnification obligations set out in Section 8.3.3 shall be subject to the following conditions and procedures:

8.3.4.1 the Tenant will, and will cause the Operator to, take commercially reasonable steps to minimize and mitigate any Direct Losses for which such Party is entitled to, or may become entitled to, indemnification under this Section 8.3, in accordance with the MOMA; and,

8.3.4.2 without limiting the foregoing, if a Tenant Indemnitee suffers Direct Losses for which it is entitled to indemnification from the Landlord pursuant to this Section 8.3 and all or a portion of such Direct Losses are recoverable under one or more insurance policies of which such Tenant Indemnitee is a beneficiary, then the Tenant shall, or shall cause the Operator to, file claims under each such insurance policy and to use commercially reasonable efforts to pursue all such insurance claims, in accordance with the MOMA. The amount of Direct Losses payable by the Landlord under this Section 8.3 shall be reduced by the amount of any insurance proceeds received by the Tenant Indemnitees.

8.3.5 In the event that any Direct Losses arise as a result of Contamination of the Leased Premises caused, in whole or in part, by Hazardous Materials flowing or migrating to the Leased Premises from adjoining lands owned, leased or otherwise occupied by a Third Party, the Landlord and the Tenant may discuss and, if desirable, jointly bring a claim against such Third Party. In such event, the legal costs and other third party costs incurred by the Tenant and the Landlord in connection with such a claim will be treated as determined in writing by the Parties at such time.

8.4 Decommissioning Obligations and Nuclear Waste Management Obligations

8.4.1 The Landlord shall be responsible for and obligated to carry out, at its sole cost and expense, the Decommissioning Obligations and the Nuclear Waste Management Obligations in accordance with Applicable Laws and Prudent Industry Practices. The Landlord's Decommissioning Obligations and Nuclear Waste Management Obligations will survive the expiration of the Term or earlier termination of this Lease Agreement. The Tenant shall be obligated to carry out the Tenant Nuclear Waste Scope in accordance with Applicable Laws and Prudent Industry Practices, at its sole cost and expense.

8.4.2 The Tenant acknowledges that in order to carry out the Decommissioning Obligations and/or Nuclear Waste Management Obligations, the Landlord may require access to, the use of and control over portions of the Site for extended periods of time and in some instances the CNSC may require a part of the Leased Premises to be surrendered by the Tenant to the Landlord, prior to the expiration of the Term or earlier termination of this Lease Agreement. The Tenant agrees to accommodate the foregoing requirements and

confirms that no such access or surrender of a part of the Leased Premises shall require any adjustment to the Base Rent or Additional Rent. If any such access or a surrender of part of the Leased Premises is required to carry out the Decommissioning Obligations and/or Nuclear Waste Management Obligations:

8.4.2.1 during the Term, the Landlord will carry out the Decommissioning Obligations and Nuclear Waste Management Obligations in a manner that (i) seeks to reasonably minimize any interference with the operations of the Tenant (provided, however, that the Tenant acknowledges and agrees that the Landlord shall not be in breach of this obligation to the extent the Landlord takes any action it considers necessary or advisable to respond to an Emergency Event relating to its Decommissioning Obligations or its Nuclear Waste Management Obligations), (ii) does not cause the cancellation of any Permit or any Environmental Permit or a reasonable threat of cancellation by a Governmental Authority, and (iii) complies with Applicable Laws; and

8.4.2.2 the Landlord and the Tenant will co-operate and act reasonably and in good faith with one another to implement the requirements of the CNSC.

8.4.3 Subject to the immediately following sentence, the Landlord shall be responsible for, at the Landlord's sole cost and expense, and to the extent required by the CNSC, providing, or causing to be provided, appropriate financial assurances to satisfy the CNSC that the Landlord has made satisfactory provisions for the Decommissioning Obligations and the Nuclear Waste Management Obligations. Notwithstanding the foregoing, to the extent any fees are payable by the Landlord in connection with the Landlord obtaining any such financial assurances (examples of which are guarantees or letters of credit), such fees shall be the responsibility of the Tenant and the Tenant shall pay such fees to the Landlord as Additional Rent in accordance with Section 3.2.

8.4.4 Solely to the extent not effected by the Agent pursuant to the IESO Payments Agreement, or by the Operator pursuant to the MOMA, in the event the Tenant receives any amount of money from the IESO or any other Governmental Authority in respect of (i) the Decommissioning Obligations, or (ii) the Nuclear Waste Management Obligations, including indirectly through the Blended Rate (as such term is defined in the IESO Payments Agreement), the Tenant shall promptly pay such amounts to the Landlord as Additional Rent in accordance with Section 3.2.

8.4.5 In the event the Landlord receives any amount of money from the IESO that is identified by the IESO as being paid in respect of costs and expenses arising from the Tenant Nuclear Waste Scope, then the Landlord shall promptly pay such amounts to the Tenant, but only to the extent that (A) such costs and expenses have actually been incurred by the Tenant in respect of the Tenant Nuclear Waste Scope (which costs and expenses will exclude, for clarity, any such Landlord Recoverable Tenant Nuclear Waste Costs), any (B) such amounts have not been allocated to the Tenant by the Agent pursuant to the IESO Payments Agreement, or otherwise credited to the Tenant by the Operator pursuant to the MOMA or the Project Manager pursuant to the Project Management Agreement. All

amounts payable by the Landlord to the Tenant pursuant to this Section 8.4.5 shall be plus applicable Sales Taxes.

8.4.6 The Landlord acknowledges that in order for the Tenant, the Project Manager and/or the Operator to obtain and maintain the Permits required for the conduct of the Permitted Uses, the CNSC will determine, among other things and as applicable, if the Tenant has made satisfactory financial provisions for the Decommissioning Obligations and the Nuclear Waste Management Obligations. Subject to the immediately following sentence, if at any time and from time to time during the Term, the CNSC requires such further assurances concerning the Decommissioning Obligations or the Nuclear Waste Management Obligations, the Landlord covenants, as part of its Decommissioning Obligations and Nuclear Waste Management Obligations, to provide, or cause to be provided, whatever such further assurances the CNSC may require in order for the Tenant to be able to obtain and maintain the Permits and Environmental Permits required for the conduct of the Permitted Uses. Notwithstanding the foregoing, to the extent any fees are payable by the Landlord in connection with the Landlord obtaining any such financial assurances (examples of which are guarantees or letters of credit), such fees shall be the responsibility of the Tenant and the Tenant shall pay such fees to the Landlord as Additional Rent in accordance with Section 3.2.

8.4.7 Notwithstanding anything to the contrary in this Lease Agreement, the Landlord shall not bring onto or store on the Leased Premises any Non-Facility Nuclear Material/Substance, provided that it shall not be a breach of the foregoing obligation of the Landlord if any processed Nuclear Waste (including incinerated Nuclear Waste) returned to the Leased Premises by the Landlord for storage contains similar quantities and characteristics of Non-Facility Nuclear Material/Substance that was expected to be returned with the Nuclear Waste following processing (including incineration).

8.5 Release of Nuclear Materials or Nuclear Substances

Without limiting Section 10.4, Section 10.5 and Article 11, the Tenant shall, or shall cause the Operator to, conduct the Remediation of any Release of Nuclear Materials or Nuclear Substances at the DNNP Nuclear Installation, the Facility, or the Site in accordance with Prudent Industry Practices, in each case to the extent such Remediation is required by Applicable Laws, and the Tenant shall bear all costs and expenses of all such Remediation.

ARTICLE 9 INSURANCE AND LIABILITY

9.1 Tenant's Insurance Requirements

9.1.1 The Tenant shall, throughout the Term, at its cost and expense, obtain and maintain (or cause to be obtained and maintained) in full force and effect in the name of the Tenant, such appropriate insurance coverage against such risks and up to such limits as a prudent owner or tenant of premises such as the Leased Premises would procure, which shall be placed with reputable insurance companies, but in no event shall such insurance coverage be less than that required by Applicable Laws, all of which shall be acceptable to the

Landlord, acting reasonably. The Tenant will propose such appropriate insurance coverage for the Landlord's approval, such approval not to be unreasonably withheld or delayed, and, upon receipt of such approval, shall thereafter cause such insurance coverage to be procured and maintained in place.

9.1.2 Without limiting Section 9.1.1, the Tenant shall cause the Operator to procure and maintain nuclear liability insurance coverages to the extent required by the NLCA. Notwithstanding Sections 9.1.1 and 9.1.3, such nuclear liability insurance policies will name the Operator as the sole named insured.

9.1.3 Other than the nuclear liability insurance policies contemplated in Section 9.1.2, all policies of Tenant's Insurance shall be on terms and conditions acceptable to the Landlord, acting reasonably, and shall provide that:

9.1.3.1 the Tenant shall be shown as a named insured;

9.1.3.2 OPG shall be shown as an additional insured in all liability policies;

9.1.3.3 each of the Tenant's Mortgagee and (if requested by the Landlord), Landlord's Mortgagee, if any, shall be shown as loss payee, as its interest may appear in all property insurance policies;

9.1.3.4 all such policies shall contain a waiver of subrogation in favour of OPG, the Landlord's Mortgagees, the Tenant's Mortgagees and their respective Representatives;

9.1.3.5 the breach or non-disclosure by one insured will not affect the coverage afforded to the other insureds;

9.1.3.6 the policies be for the mutual benefit of the Tenant and OPG and contain a provision for cross-liability and severability of interests with respect to all commercial general liability policies;

9.1.3.7 the policies will be primary and without rights of contribution to any other insurance carried by or for the Tenant and OPG relating to the Leased Premises;

9.1.3.8 the amount of any deductible or self-insured retention does not exceed an amount that would be arranged by a prudent owner or tenant of a facility of this nature; and

9.1.3.9 the insurer shall undertake not to cancel or terminate any policy of insurance without the insurer endeavouring to deliver to OPG not less than 30 days' prior written notice of such cancellation or termination.

9.2 Landlord's Insurance Requirements

9.2.1 The Landlord shall, throughout the Term, obtain and maintain (or cause to be obtained and maintained) in full force and effect, a policy of liability insurance providing coverage for the Leased Premises and the Landlord's operations thereon, up to such limits as a prudent owner of premises such as the Leased Premises would procure, but in no event shall such insurance coverage be less than that required by Applicable Law (the "**Landlord's Insurance**").

9.2.2 The Landlord's Insurance shall:

9.2.2.1 show the Tenant as an additional insured;

9.2.2.2 provide that the breach or non-disclosure by one insured will not affect the coverage afforded to the other insureds;

9.2.2.3 be for the mutual benefit of the Tenant and the Landlord and contain a provision for cross-liability and severability of interests; and

9.2.2.4 provide that the insurer shall undertake not to cancel or terminate any such policy of insurance without the insurer endeavouring to deliver to the Tenant not less than 30 days' prior written notice of such cancellation or termination.

9.3 Insurance Premiums

The Tenant shall duly and punctually pay, or cause to be paid, all premiums and other sums of money payable for maintaining Tenant's Insurance. The Landlord shall duly and punctually pay, or cause to be paid, all premiums and other sums of money payable for maintaining Landlord's Insurance. Furthermore:

9.3.1 each Party will produce to the other Party upon request, evidence of payment of any premiums required for maintaining such insurance not later than the due date thereof; and

9.3.2 upon request of a Party, the other Party shall provide certified copies of such Party's insurance policies or certificates of insurance in form satisfactory to the requesting Party, acting reasonably.

9.4 Limited Release

Except as is otherwise provided in any of the Ancillary Agreements or in this Lease Agreement, with respect to any liability for Losses for which a Party is required to carry insurance under this Article 9 (including any applicable deductible under the required insurance coverage or self-insured retentions), and only to the extent that (i) proceeds of insurance are received with respect to such Losses, and/or (ii) such Party has obtained OEB Cost Recovery for such Losses, such Party releases the other Party, its mortgagees (including, for clarity, Landlord's Mortgagees or Tenant's Mortgagees, as applicable) and their respective Representatives from all liability for such Losses, whether arising at law or in equity and whether based upon a Claim in contract, tort

(including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise. For clarity, the limited release in this Section 9.4 applies in addition to, and not in substitution for, the other waivers and releases set out in this Lease Agreement, including Section 10.3, Section 10.4 and Section 10.5.

9.5 Insurance Agreement

At the request of either Party, the Parties shall use commercially reasonable efforts to enter into, and shall use commercially reasonable efforts to cause the Landlord's Mortgagees and the Tenant's Mortgagees, as applicable, to enter into, an insurance agreement (the "**Insurance Agreement**"), the terms and conditions of which shall be consistent with the terms and conditions set out in this Article 9, Article 10 and Article 11, as well as article 10 of the MOMA, and which may incorporate a trust arrangement.

9.6 Cancellation of Insurance

If any policy of insurance to be maintained in accordance with Section 9.1 or 9.2, as the case may be, shall be cancelled or is about to be cancelled by the insurer by reason of the use or occupation of the Leased Premises or any portion thereof by a Party or any assignee, subtenant or licensee of such Party or anyone permitted by such Party to be upon the Leased Premises and such Party after receipt of Notice from the other Party to reinstate or avoid cancellation (as the case may be) of such policy of insurance, does not reinstate the insurance or fails to take the necessary steps to avoid cancellation, then the other Party may at its option remedy the situation, use, condition, occupancy or other factor giving rise to such actual or threatened cancellation, all at the cost of such Party whose insurance is subject to cancellation, to be paid forthwith on demand, and if the Tenant is the Party whose insurance is subject to actual or threatened cancellation then the Landlord shall have the right to enter upon the Leased Premises without further notice to remedy the situation, use, condition, occupancy or other factor giving rise to such cancellation.

ARTICLE 10 INDEMNITY AND LIMITATION ON LIABILITY

10.1 Tenant Indemnity to OPG

The Tenant will indemnify and save harmless OPG and each of its Representatives (each, a "**Landlord Indemnitee**") from and against any and all Direct Losses which may be suffered, sustained or incurred by them as a result of, in respect of or arising directly or indirectly out of or in consequence of, or involving or relating to any Third Party Claim as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the Tenant's use of the Leased Premises (including, for clarity, in connection with any Release of Hazardous Materials that does not constitute a Specified Release), excluding the Direct Losses which may be suffered, sustained or incurred by them as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to: (i) the fraud, intentional misrepresentation or willful misconduct of any Landlord Indemnitee, (ii) the performance or breach of the Landlord's covenants or obligations set forth in this Lease Agreement, (iii) any amounts for which (x) the Landlord or OPG is required to indemnify the

Tenant pursuant to Section 8.3.3 or Section 10.2 or (y) OPG (or any of its Affiliates), in another capacity, is required to indemnify a Tenant Indemnitee pursuant to the IESO Payments Agreement, the MOMA or the Project Management Agreement, (iv) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, the Facility, or an Other OPG Nuclear Facility, or (v) any Release of any Nuclear Material or Nuclear Substance at the DNNP Nuclear Installation, the Facility, the Site, an Other OPG Nuclear Facility, or an Other OPG Nuclear Site.

10.2 OPG Indemnity to the Tenant

OPG will indemnify and save harmless the Tenant, Tenant GP and each of their respective Representatives (each, a “**Tenant Indemnitee**”) from and against any and all Direct Losses which may be suffered, sustained or incurred by them as a result of, in respect of or arising directly or indirectly out of or in consequence of, or involving or relating to:

10.2.1 any activities, operations or work performed by the Landlord or its Representatives on the Leased Premises (but not, for clarity, any activities, operations or work performed by the Operator, the Project Manager or OPG or any of its Affiliates in any other capacity or any of their respective Representatives in such other capacities);

10.2.2 the Landlord’s exercise of its rights on the Leased Premises granted pursuant to Section 2.5;

10.2.3 the Decommissioning Obligations, and/or the Nuclear Waste Management Obligations; and

10.2.4 any Third Party Claim against the Tenant as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the Landlord’s performance or breach of its covenants and obligations set forth in this Lease Agreement,

excluding, in each case, the Direct Losses which may be suffered, sustained or incurred by them as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to: (i) the fraud, intentional misrepresentation or willful misconduct of any Tenant Indemnitee, (ii) any amounts for which the Tenant, in another capacity, is required to indemnify OPG, in another capacity, pursuant to the IESO Payments Agreement, the MOMA or the Project Management Agreement, (iii) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, the Facility, or an Other OPG Nuclear Facility, or (iv) any Release of any Nuclear Material or Nuclear Substance at the DNNP Nuclear Installation, the Facility, the Site, an Other OPG Nuclear Facility, or an Other OPG Nuclear Site.

10.3 Waiver of Indirect Losses; Exclusive Remedy

10.3.1 Notwithstanding anything herein to the contrary, including Section 8.3, Section 10.1 and Section 10.2, in no event shall a Party be liable to the other Party, any Connected Persons of such other Party or any indemnitee of such other Party (being the Landlord Indemnitees for OPG or the Tenant Indemnitees for the Tenant) for any Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, this Lease Agreement or the performance or breach of this Lease Agreement by any Party. Accordingly, each Party

irrevocably waives, on its own behalf and on behalf of each of its Connected Persons and indemnitees, any and all rights, remedies and Claims that it may have against the other Party for Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, this Lease Agreement or the performance or breach of this Lease Agreement by any Party.

10.3.2 Without limiting Section 16.3, each Party acknowledges and agrees that such Party's right to receive indemnification from the other Party pursuant to Section 8.3 or Section 10.1 or Section 10.2, as applicable, is such Party's sole and exclusive remedy in respect of the matters that are the subject of Section 8.3 or Section 10.1 or Section 10.2, as applicable, and respectively.

10.4 Nuclear Incidents and Release of Nuclear Materials and Nuclear Substances – Facility

10.4.1 The Parties acknowledge and agree that the Leased Premises are intended to be designated as a nuclear installation for the purposes of the NLCA and that the Operator will be the operator for the purposes of the NLCA. Nothing in this Lease Agreement transfers or imposes any such operator liability under the NLCA on either the Landlord (in its capacity as landlord) or the Tenant. For clarity, the Operator, and not the Landlord or the Tenant, will obtain and maintain the nuclear liability insurance required by the NLCA, and such policy shall name the Operator as the sole named insured, as provided for in Section 9.1.2.

10.4.2 Notwithstanding anything herein to the contrary, but subject to Section 10.4.4, with respect to any Losses in respect of or in relation to damage to the DNNP Nuclear Installation, the Facility, the Site, or any equipment or other property located at the DNNP Nuclear Installation, the Facility, or the Site that is used in connection with the DNNP Nuclear Installation or the Facility, in each case arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, the Facility, or an Other OPG Nuclear Facility, or (ii) any Release of any Nuclear Material or Nuclear Substance at the DNNP Nuclear Installation, the Facility, the Site, an Other OPG Nuclear Facility, or an Other OPG Nuclear Site, each Party (on its own behalf and on behalf of each of its Connected Persons) irrevocably waives, and forever releases and discharges, the other Party, its mortgagees (including, for clarity, Landlord's Mortgagees or Tenant's Mortgagees, as applicable) and each of the other Party's Connected Persons and indemnitees (being the Landlord Indemnitees for OPG or the Tenant Indemnitees for the Tenant) from, any and all rights, remedies and Claims in respect of such Losses, whether arising at law or in equity and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, that such Party (and/or its Connected Persons) may have against the other Party, its mortgagees (including, for clarity, Landlord's Mortgagees or Tenant's Mortgagees, as applicable) and the other Party's Connected Persons and indemnitees. This waiver and release in this Section 10.4.2 (a) is reciprocal (applying both to OPG in favour of the Tenant and to the Tenant in favour of OPG), (b) applies regardless of fault or negligence of the released Persons, (c) supersedes any indemnity to the extent otherwise applicable to the foregoing matters, and (d) applies to OPG in any

capacity (not only as Landlord), provided that, and notwithstanding the foregoing provisions of this Section 10.4.2, this Section 10.4.2 shall in no way limit or waive article 11 of the MOMA or article 11 of the Project Management Agreement.

10.4.3 Subject to Section 10.4.4, to the extent that any Party (or any of its Connected Persons) suffers any Losses in respect of or in relation to damage to the DNNP Nuclear Installation, the Facility, the Site, or any equipment or other property located at the DNNP Nuclear Installation, the Facility or the Site that is used in connection with the DNNP Nuclear Installation or the Facility, in each case arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, the Facility, or an Other OPG Nuclear Facility, or (ii) any Release of any Nuclear Material or Nuclear Substance at the DNNP Nuclear Installation, the Facility, the Site, an Other OPG Nuclear Facility, or an Other OPG Nuclear Site, each Party agrees, on its own behalf and on behalf of each of its Connected Persons, that the sole and exclusive recourse of the Parties (and their respective Connected Persons) shall be to the proceeds of any applicable Nuclear Property Damage Insurance Policy or Shared Nuclear Property Damage Insurance Policy or any other applicable insurance policy then carried in respect of the DNNP Nuclear Installation, the Facility and/or the Site (including policies maintained by the Operator pursuant to the MOMA), provided that, (a) this Section 10.4.3 applies to OPG in any capacity (not only as Landlord), and (b) notwithstanding the foregoing provisions of this Section 10.4.3, this Section 10.4.3 shall in no way limit or waive article 11 of the MOMA or article 11 of the Project Management Agreement.

10.4.4 Notwithstanding Sections 10.4.2 and 10.4.3, the waiver, releases and agreements in Sections 10.4.2 and 10.4.3 shall apply only to Losses in respect of which the NLCA does not apply. For clarity, Sections 10.4.2 and 10.4.3 shall not prevent any Person from making a valid claim for compensation pursuant to the NLCA in respect of Losses to which the NLCA applies.

10.5 Nuclear Incidents and Release of Nuclear Materials and Nuclear Substances – Other OPG Nuclear Facilities

10.5.1 Notwithstanding anything herein to the contrary, but subject to Section 10.5.3, with respect to any Losses in respect of or in relation to damage to an Other OPG Nuclear Facility, an Other OPG Nuclear Site, or any equipment or other property located at an Other OPG Nuclear Facility, or an Other OPG Nuclear Site that is used in connection with an Other OPG Nuclear Facility, in each case arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, the Facility, or an Other OPG Nuclear Facility, or (ii) any Release of any Nuclear Material or Nuclear Substance at the DNNP Nuclear Installation, the Facility, the Site, an Other OPG Nuclear Facility, or an Other OPG Nuclear Site, each Party (on its own behalf and on behalf of each of its Connected Persons) irrevocably waives, and forever releases and discharges, the other Party, its mortgagees (including, for clarity, Landlord's Mortgagees or Tenant's Mortgagees, as applicable) and each of the other Party's Connected Persons and indemnitees (being the Landlord Indemnitees for OPG or the Tenant Indemnitees for the Tenant) from, any and all rights, remedies and Claims in respect of such Losses, whether arising at law or in equity and whether based upon a Claim in contract, tort (including

negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, that such Party (and/or its Connected Persons) may have against the other Party, its mortgagees (including, for clarity, Landlord's Mortgagees or Tenant's Mortgagees, as applicable) and the other Party's Connected Persons and indemnitees. This waiver and release in this Section 10.5.1 (a) is reciprocal (applying both to OPG in favour of the Tenant and to the Tenant in favour of OPG), (b) applies regardless of fault or negligence of the released Persons, (c) supersedes any indemnity to the extent otherwise applicable to the foregoing matters, and (d) applies to OPG in any capacity (not only as Landlord), provided that, and notwithstanding the foregoing provisions of this Section 10.5.1, this Section 10.5.1 shall in no way limit or waive article 11 of the MOMA or article 11 of the Project Management Agreement.

10.5.2 Subject to Section 10.5.3, to the extent that any Party (or any of its Connected Persons) suffers any Losses in respect of or in relation to damage to an Other OPG Nuclear Facility, an Other OPG Nuclear Site, or any equipment or other property located at an Other OPG Nuclear Facility or an Other OPG Nuclear Site that is used in connection with an Other OPG Nuclear Facility, in each case arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, the Facility, or an Other OPG Nuclear Facility, or (ii) any Release of any Nuclear Material or Nuclear Substance at the DNNP Nuclear Installation, the Facility, the Site, an Other OPG Nuclear Facility, or an Other OPG Nuclear Site, each Party agrees, on its own behalf and on behalf of each of its Connected Persons, that the sole and exclusive recourse of the Parties (and their respective Connected Persons) shall be to the proceeds of any applicable Nuclear Property Damage Insurance Policy or Shared Nuclear Property Damage Insurance Policy or any other applicable insurance policy then carried in respect of the Other OPG Nuclear Facilities and/or the Other OPG Nuclear Sites, provided that, (a) this Section 10.5.2 applies to OPG in any capacity (not only as Landlord), and (b) notwithstanding the foregoing provisions of this Section 10.5.2, this Section 10.5.2 shall in no way limit or waive article 11 of the MOMA or article 11 of the Project Management Agreement.

10.5.3 Notwithstanding Sections 10.5.1 and 10.5.2, the waiver, releases and agreements in Sections 10.5.1 and 10.5.2 shall apply only to Losses in respect of which the NLCA does not apply. For clarity, Sections 10.5.1 and 10.5.2 shall not prevent any Person from making a valid claim for compensation pursuant to the NLCA in respect of Losses to which the NLCA applies.

10.6 Nuclear Agreement and Amendments

10.6.1 At the request of either Party, the Parties shall use commercially reasonable efforts to enter into a nuclear agreement (the "**Nuclear Agreement**"), the terms and conditions of which shall be consistent with the terms and conditions set out in Section 10.4 and Section 10.5. For clarity, if desired by the Parties, the Nuclear Agreement could form part of the Insurance Agreement.

10.6.2 If, at any time following the Effective Date, (i) separate Nuclear Property Damage Insurance Policies are obtained for the Facility, on the one hand, and the Other OPG Nuclear Facilities, on the other hand, (ii) the NLCA will apply to some or all of the Losses referred

to in Section 10.4 or Section 10.5, or (iii) if OPG proposes to transfer the MOMA to a Qualified Successor Operator such that the operator of the Other OPG Nuclear Facilities and the operator of the Facility (for purposes of the NLCA) will be different Persons, then at the request of either Party, the Parties shall negotiate in good faith, both acting reasonably, amendments to Section 10.4 and Section 10.5 as are warranted given the protections that may then be afforded by the NLCA.

10.7 Conduct of Claims

10.7.1 This Section 10.7 will apply to the conduct of Third Party Claims against a Landlord Indemnatee and/or Tenant Indemnatee (including, in the case of a Tenant Indemnatee, a Specified Third Party Claim), as applicable, having, or claiming to have, the benefit of an indemnity pursuant to this Lease Agreement. The Landlord Indemnatee and/or Tenant Indemnatee, as applicable, having, or claiming to have, the benefit of the indemnity is referred to as the “**Beneficiary**” and the Party giving the indemnity is referred to as the “**Indemnifier**”.

10.7.2 If the Beneficiary receives any notice, demand, letter or other document concerning any Claim for which it appears that the Beneficiary is, or may become entitled to, indemnification under this Article 10, the Beneficiary will give Notice to the Indemnifier as soon as reasonably practicable and in any event no later than 45 days after receipt of the Claim, provided that any failure to give such Notice will not affect the Indemnifier’s obligation under this Article 10 in any way unless and only to the extent that the Indemnifier is prejudiced as a result of such failure to give such Notice. Such Notice will specify with reasonable particularity, to the extent that information is available, the factual basis for the Claim and the amount of the Claim.

10.7.3 Subject to Sections 10.7.5, 10.7.6, 10.7.7 and 10.7.8, on the giving of such Notice by the Beneficiary, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of the liability arising out of the Claim, the Indemnifier will be entitled to dispute the Claim in the name of the Beneficiary at the Indemnifier’s sole cost and expense, and take conduct of any defence, dispute, compromise, or appeal of the Claim and of any incidental negotiations. The Beneficiary will give the Indemnifier all reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim.

10.7.4 The Beneficiary will have the right to employ separate counsel in respect of such Claim and the costs and expenses of such counsel will be to the account of the Beneficiary.

10.7.5 With respect to any Claim conducted by the Indemnifier,

10.7.5.1 the Indemnifier will keep the Beneficiary reasonably informed and consult with it about material elements of the conduct of the Claim;

10.7.5.2 subject to Section 10.7.6, the Indemnifier will not pay, compromise or settle such Claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;

10.7.5.3 the Indemnifier will not admit liability or fault to any Third Party without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed; and

10.7.5.4 the Indemnifier will use commercially reasonable efforts to have the Beneficiary named as a beneficiary under any release given by the Persons bringing the Claim to which this Section 10.7.5 relates.

10.7.6 The Indemnifier will have the right in its sole discretion to settle a Claim for which it has an indemnity obligation hereunder only if:

10.7.6.1 the settlement involves only the payment of money and execution of appropriate releases of the Beneficiary;

10.7.6.2 there is no finding or admission of any violation of Applicable Laws by the Beneficiary; and

10.7.6.3 the Beneficiary will have no liability with respect to such compromise or settlement.

10.7.7 The Beneficiary will be entitled to control and assume responsibility for the defence of such Claim, at the sole cost and expense of the Indemnifier, and will be free to pay or settle any such Claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Lease Agreement if:

10.7.7.1 the Indemnifier fails to give Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 10.7.3 no later than 45 days after the Notice from the Beneficiary under Section 10.7.2 or gives Notice to the Beneficiary that the Indemnifier does not intend to take conduct of the Claim; or

10.7.7.2 the Indemnifier fails to comply in any material respect with Section 10.7.5.

Notwithstanding the foregoing provisions of this Section 10.7.7, (A) the Indemnifier may, in any event, participate in such Claim at its sole cost and expense, or (B) the Indemnifier may re-assume conduct of the defence at any time provided that same would not prejudice the Beneficiary. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to this Section 10.7.7, the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

10.7.8 Notwithstanding that the Indemnifier may have given Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 10.7.3 and without in any way limiting Section 10.7.7, the Beneficiary will be free at any time to give Notice to the Indemnifier that the Beneficiary is retaining or taking over, as the case may be, the conduct of any defence, dispute, compromise or appeal of any Claim, or of any incidental negotiations, to which Section 10.7.3 applies. The Tenant acknowledges and agrees that

where OPG is the Beneficiary, OPG may retain or take over such conduct in any matter involving breach of confidentiality or any matter involving public policy. On receipt of such Notice the Indemnifier will promptly take all steps necessary to transfer the conduct of such Claim to the Beneficiary, and will provide to the Beneficiary all relevant documentation and all commercially reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim. Without limiting Section 10.7.7, if the Beneficiary gives any Notice pursuant to this Section 10.7.8, then the Indemnifier will be irrevocably released from any liabilities arising under the applicable indemnity hereunder in respect of the applicable Claim. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to Section 10.7.7, the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

10.7.9 If the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers, whether by payment, discount, credit, saving, relief, insurance or other benefit or otherwise, a sum or anything else of value (the “**Recovery Amount**”) which is directly referable to the fact, matter, event or circumstances giving rise to the Claim under the indemnity, the Beneficiary will promptly repay to the Indemnifier whichever is the lesser of:

10.7.9.1 an amount equal to the Recovery Amount less any out-of-pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and

10.7.9.2 the amount paid to the Beneficiary by the Indemnifier in respect of the Claim under the relevant indemnity,

provided that, except as contemplated in Section 10.8.1, there will be no obligation on the Beneficiary to pursue any Recovery Amount and that the Indemnifier will be repaid only to the extent that the Recovery Amount, aggregated with any sum recovered from the Indemnifier, exceeds the Direct Losses sustained by the Beneficiary except, however, that if the Beneficiary elects not to pursue a Recovery Amount, the Indemnifier will be entitled to require an assignment to it of the right to do so.

10.7.10 Any Person taking any of the steps contemplated by this Section 10.7 will comply with the requirements of any insurer who may have an obligation to provide an indemnity or insurance in respect of any liability arising under this Lease Agreement.

10.7.11 Nothing in this Section 10.7 shall preclude an individual director or officer of a Beneficiary, if such individual director or officer is personally named in such Claim, from retaining its own counsel and participating in such Claim to the extent of such individual’s personal interests therein.

10.8 Mitigation – Indemnity Claims

10.8.1 Each Party will at all times take commercially reasonable steps to minimize and mitigate any Direct Losses for which such Party is entitled to, or may become entitled to, indemnification under Sections 10.1 or 10.2.

10.8.2 To the extent that the Indemnifier is prejudiced by the Beneficiary failing to comply with Section 10.8.1, then any such indemnity will not extend to the amount of such Direct Losses which would have been reduced or avoided by such Party having complied with Section 10.8.1.

10.8.3 Without limiting the other provisions of this Section 10.8, if a Landlord Indemnitee, on the one hand, or a Tenant Indemnitee, on the other hand, suffers Direct Losses for which it is entitled to indemnification from the Tenant or the Landlord, respectively, and all or a portion of such Direct Losses are recoverable under one or more insurance policies of which such Landlord Indemnitee or Tenant Indemnitee is a beneficiary, then the Landlord or the Tenant, as the case may be, shall, file claims under each such insurance policy and shall use commercially reasonable efforts to pursue all such insurance claims. The amount of Direct Losses payable by the Landlord or the Tenant under this Lease Agreement shall be reduced by the amount of any insurance proceeds received by the Tenant Indemnitees or the Landlord Indemnitees, as applicable.

10.9 Survival of Indemnity

All indemnification provisions under this Lease Agreement shall survive the expiry, termination or surrender of this Lease Agreement, notwithstanding anything in this Lease Agreement to the contrary. The Landlord shall hold all rights of indemnification hereunder intended for the benefit of the Landlord's Mortgagees and/or their respective Representatives in trust for each of them and for their benefit. The Tenant shall hold all rights of indemnification hereunder intended for the benefit of the Tenant's Mortgagees and/or their respective Representatives in trust for each of them and for their benefit.

ARTICLE 11 DAMAGE, DESTRUCTION AND REPAIR

11.1 Damage, Destruction and Repair

11.1.1 Except as is otherwise provided in this Lease Agreement, including in respect of the Landlord's Decommissioning Obligations and Nuclear Waste Management Obligations, in no event shall the Landlord be obliged to repair, maintain, rehabilitate, reconstruct or replace the Leased Premises or any part thereof or contribute to the cost of any such repair, maintenance, rehabilitation, reconstruction or replacement.

11.1.2 Subject to the terms of any insurance agreement entered into pursuant to Section 9.5 (including the Insurance Agreement), if the Facility has been damaged or destroyed, the Tenant shall, at the Tenant's cost and expense, be permitted, but not obligated, in its sole and absolute discretion, to repair, reconstruct or replace, or cause to be repaired, reconstructed or replaced, any part of the Facility which has been damaged or destroyed, provided that the remaining provisions of this Lease Agreement are complied with. All proceeds of insurance relating to property damage received by the Tenant shall be used (i) in repairing, reconstructing or replacing that part of the Facility which has been damaged or destroyed if the Tenant undertakes such repairs, reconstruction or replacement or (ii) in taking such protective measures as contemplated by Section 11.2. If, as a result of

the Tenant's decision not to repair, reconstruct or replace that part of the Facility which has been damaged or destroyed, the Permitted Uses can no longer be conducted on the Leased Premises on a permanent basis, the Tenant shall provide prompt Notice of such decision to Landlord and this Lease Agreement shall terminate on the later of (i) the dates contemplated in Section 2.2, and (ii) the completion, to the Landlord's satisfaction, of the protective measures contemplated by Section 11.2.

11.2 Protective Measures

11.2.1 Notwithstanding Section 11.1, and subject to the Landlord's Decommissioning Obligations and Nuclear Waste Management Obligations, forthwith after the decision of the Tenant not to repair, reconstruct or replace that part of the Facility which has been damaged or destroyed, the Tenant shall, at the Tenant's cost and expense, take reasonable protective measures for the safety of the Leased Premises and to ensure that the damage or destruction to the Facility does not:

11.2.1.1 pose a risk of harm to the health and/or safety of persons, including any Releases or Contamination that would create such a risk of harm;

11.2.1.2 cause or would reasonably be expected to cause material damage or harm to (i) property, (ii) the IESO-Controlled Grid or any Local Distribution System, and/or (iii) buildings and/or equipment, including the Facility; and/or

11.2.1.3 materially interfere with or prejudice or would reasonably be expected to materially interfere with or prejudice the safe operation of any portion of the Facility that remains operable or in operation notwithstanding such damage or destruction, the IESO-Controlled Grid, any Local Distribution System, Darlington NGS, the Darlington NGS Site, or any part of the Leased Premises,

provided, for clarity, that the Tenant's obligations under this Section 11.2.1 shall exclude all obligations that are contemplated by the Decommissioning Obligations or the Nuclear Waste Management Obligations.

11.2.2 If the Tenant fails to commence and diligently pursue the protective measures required by Section 11.2.1 in a timely manner, the Landlord may, acting reasonably, carry out such protective measures for the account of the Tenant to the extent necessary to satisfactorily address the circumstances. In such case, the Tenant shall reimburse the Landlord for all documented costs and expenses actually incurred by the Landlord in carrying out such protective measures net of any insurance proceeds received by the Landlord in respect thereof. For clarity, the Landlord shall be entitled to all applicable insurance proceeds available in respect thereof, including pursuant to any Nuclear Property Damage Insurance Policy, provided that the Tenant shall not be required to remit to the Landlord any such insurance proceeds except to the extent such proceeds are received by the Tenant.

ARTICLE 12 ASSIGNMENT, TRANSFERS AND ENCUMBRANCES

12.1 Transfers and Encumbrances by OPG

12.1.1 Any Landlord Transfer shall be prohibited without the prior written consent of the Tenant (which consent may be withheld by the Tenant in its sole and absolute discretion), provided that, and notwithstanding the foregoing, OPG may complete a Landlord Transfer without the prior written consent of the Tenant in accordance with the following (each, a **“Permitted Landlord Transfer”**):

12.1.1.1 the Landlord Transfer is in respect of all Leased Premises and all of OPG’s (or its Wholly-Owned Subsidiary’s if OPG has sold, assigned, transferred or otherwise disposed of its rights, title and interests in and to this Lease Agreement to a Wholly-Owned Subsidiary pursuant to Section 12.1.1.2) rights, title and interests in and to this Lease Agreement are sold, assigned, transferred or otherwise disposed of to a Qualified Successor Operator and, concurrently with such Landlord Transfer,

12.1.1.1.1 subject to section 13.1 of the Project Management Agreement, section 13.1 of the MOMA and section 5.9(e) of the IESO Payments Agreement, OPG (or its relevant Affiliates) has sold, assigned, transferred or otherwise disposed of:

- (A) all of its rights, title and interests in and to the Project Management Agreement, the MOMA, the IESO Payments Agreement and the OPG ECA in accordance with such agreements (in each case, to the extent such agreement is then in force), and
- (B) all of its direct or indirect Equity Interests in the Tenant and Tenant GP (and those held by its Affiliates) in accordance with their respective Governing Documents,

in each case, to that Qualified Successor Operator (or, in respect of the preceding Section 12.1.1.1.1(B), to a designee of such Qualified Successor Operator, which designee must be a Wholly-Owned Affiliate of such Qualified Successor Operator), and

12.1.1.1.2 the Qualified Successor Operator has assumed all of OPG’s (or its relevant Affiliates’) past, present and future obligations and liabilities under the Project Management Agreement, the MOMA, the IESO Payments Agreement, and the OPG ECA (in each case, to the extent such agreement is then in force) and this Lease Agreement; or

12.1.1.2 the Landlord Transfer is in respect of all Leased Premises and all of OPG’s rights, title and interests in and to this Lease Agreement are sold, assigned, transferred or otherwise disposed of to a Wholly-Owned Subsidiary of OPG, provided that OPG and such Wholly-Owned Subsidiary shall be jointly and

severally liable for all of OPG's obligations and liabilities under this Lease Agreement; or

12.1.1.3 the Landlord Transfer is in respect of all Leased Premises and all of OPG's rights, title and interests in this Lease Agreement are sold, assigned, transferred or otherwise disposed of to a Qualified Successor Landlord that has assumed all of OPG's past, present and future obligations and liabilities under this Lease Agreement, including the Decommissioning Obligations and the Nuclear Waste Management Obligations;

and, in each case (Sections 12.1.1.1, 12.1.1.2 and 12.1.1.3 above), (x) any Consents to such Landlord Transfer that are required to be obtained from any Third Party to a material Contract to which the Tenant is party or from any Governmental Authority shall have been obtained; (y) such Landlord Transfer does not result in a breach of Applicable Laws; and (z) upon such Landlord Transfer, the Tenant would continue to be entitled to receive all ProjectCo LP Revenue (as defined in the IESO Payments Agreement), and provided further that OPG shall have provided to the Tenant not less than 30 days' prior Notice of the proposed Landlord Transfer.

12.1.2 Notwithstanding Section 12.1.1, OPG may grant an Encumbrance to any Landlord's Mortgagee in connection with a Landlord's Mortgage upon obtaining the consent of the Tenant, which consent may not be unreasonably withheld or delayed, and provided that any such Landlord's Mortgagee enters into a non-disturbance agreement with the Tenant, in accordance with Section 12.7.

12.1.3 In the event that a Permitted Landlord Transfer is made pursuant to Section 12.1.1.2, the Wholly-Owned Subsidiary to which such Permitted Landlord Transfer is made shall not permit the completion of any transaction that would result in such Person ceasing to be a Wholly-Owned Subsidiary of OPG unless all of such Person's rights, title and interests in this Lease Agreement are first Transferred back to OPG or another Wholly-Owned Subsidiary of OPG in accordance with this Lease Agreement.

12.2 Release of OPG

Upon a Permitted Landlord Transfer made pursuant to Section 12.1.1.1 or 12.1.1.3, OPG will be irrevocably freed and released from all past, present and future obligations and liabilities under this Lease Agreement without further written agreement of the Parties.

12.3 Assignment and Subletting by the Tenant

12.3.1 Any Tenant Transfer shall be prohibited without the prior written consent of OPG, provided that:

12.3.1.1 where the Tenant proposes to grant an Encumbrance in its interests in this Lease Agreement and the Leased Premises in favour of a *bona fide* arm's length Third Party commercial lender (or a collateral agent therefor), including a Tenant's Mortgage, or in favour of bondholders (or trustee therefor) providing financing to

the Tenant, OPG may not unreasonably withhold or delay its consent to such proposed Tenant Transfer;

12.3.1.2 OPG shall not unreasonably withhold consent to a request by the Tenant to grant a licence or other contractual right to a third party to use or access the Site for: (i) the provision of commercial services to the Tenant or its Representatives (including, but not limited to, food and beverage services); or (ii) the installation and operation of construction trailers, offices or other structures and equipment to be used in support of construction activities;

12.3.1.3 no prior written consent of OPG shall be required for the purposes of granting the Property Licences; and

12.3.1.4 with respect to all other proposed Tenant Transfers, OPG may decide to grant or withhold its consent to such proposed Tenant Transfer in its sole and absolute discretion.

For clarity, any licences, including non-exclusive licences of use or of access to the Leased Premises or any part thereof, that are to be granted from time to time under the MOMA or under the Project Management Agreement shall not constitute Tenant Transfers.

12.3.2 The Tenant shall furnish to OPG copies of all relevant documents pertaining to any Tenant Transfer.

12.4 Amendments to Lease

The Parties acknowledge and agree that the terms and conditions set forth in this Lease Agreement have been negotiated in a manner as to reflect the existing commercial arrangement and relationship between the Parties as of the Effective Date. In the event of a proposed Tenant Transfer under Section 12.3.1.4 or a Landlord Transfer that would result in the Landlord and the Operator no longer being the same Person (nor Affiliates), the Parties agree that it shall be reasonable for either Party to request amendments to the terms and conditions set forth in this Lease Agreement. If such a request is made, the Parties agree to engage in good faith negotiations to determine if they can agree appropriate amendments to this Lease Agreement to reflect that the Tenant will become Arm's Length to the Landlord, provided that, and notwithstanding the foregoing, the Parties acknowledge that such amendments shall not relate to the Term, Base Rent or the Landlord's responsibility for the Decommissioning Obligations and the Nuclear Waste Management Obligations.

12.5 No Release on Transfer

Other than as contemplated by Section 12.2 or as expressly consented to by the Parties, neither the Tenant nor the Landlord will be released from its obligations under this Lease Agreement in connection with any Tenant Transfer or Landlord Transfer, as applicable. Any Tenant Transfer or Landlord Transfer not expressly permitted by this Lease Agreement will be null and void.

12.6 Assignment of Ancillary Agreements

The Landlord hereby agrees to consent to the assignment by the Tenant of all, but not less than all, of the Ancillary Agreements to any Transferee of this Lease Agreement, provided that the Tenant Transfer has been made in compliance with the provisions of Section 12.3 and provided that as a condition of a Tenant Transfer, other than a charge, mortgage, pledge or other encumbrance, the Transferee enters into and delivers an agreement in favour of the Landlord which is enforceable against the Transferee, in which the Transferee agrees to be bound by all of the terms and conditions of the Ancillary Agreements, and to assume all of the past, present and future obligations and liabilities of the Tenant under the Ancillary Agreements with effect from the date of the Tenant Transfer and provided that the Tenant or the Transferee has obtained any applicable Consents, approvals or rights from the Tenant or any other Person whose Consent or approval may be required to assign the Ancillary Agreement. An assignment of the Ancillary Agreements aforesaid shall release the Tenant from its past, present and future obligations and liabilities, under the Ancillary Agreements to the extent that such past, present and future obligations and liabilities, have been assumed by the Transferee and the Landlord shall look to the Transferee for performance of such past, present and future obligations and liabilities.

12.7 Rights of Landlord's Mortgagees

The Tenant will enter into a non-disturbance agreement with OPG and the Landlord's Mortgagee in a form to be agreed upon by the Parties, acting reasonably. At the request of the Tenant or any Tenant's Mortgagee, OPG shall permit the Tenant's Mortgagee to be included as a party to any such non-disturbance agreement such that it shall obtain the same protections afforded to the Tenant in such non-disturbance agreement, *mutatis mutandis*. The rights and privileges granted to a Landlord's Mortgagee by virtue of this Section 12.7 shall not in any way be deemed to alter, affect or prejudice any rights or remedies available to the Tenant as against OPG. The Tenant has no right to terminate this Lease Agreement except as otherwise expressly permitted under this Lease Agreement.

12.8 Rights of Tenant's Mortgagees

OPG will enter into a lease acknowledgement agreement with the Tenant and any Tenant's Mortgagee in a form to be agreed upon by the Parties, acting reasonably. At the request of the Tenant or any Tenant's Mortgagee, OPG shall cause a Landlord's Mortgagee to be made a party to the lease acknowledgement agreement the form of which shall be suitably amended so as to maintain the Tenant's tenure of the Leased Premises and the Tenant's Mortgagee's priority and security position regardless of any dealing with the Leased Premises by OPG or the Landlord's Mortgagee's security. Any rights granted to the Tenant or Tenant's Mortgagee by any agreement referred to or contemplated in this Lease Agreement shall be in addition to and in no way limit the rights granted to the Tenant or a Tenant's Mortgagee in this Lease Agreement. OPG has no right to terminate this Lease Agreement except as otherwise expressly permitted under this Lease Agreement.

ARTICLE 13

STATUS STATEMENTS, ATTORNMENT AND SUBORDINATION

13.1 Attornment

Upon a request of the Landlord or a Landlord's Mortgagee or a purchaser or the assignee(s) of any of the foregoing implemented in accordance with this Lease Agreement, the Tenant shall attorn to and become the Tenant of the Landlord's Mortgagee, purchaser or any such assignee on the same terms as are contained in this Lease Agreement and shall execute forthwith an attornment agreement to that effect. The Tenant hereby agrees that any Landlord's Mortgagee, purchaser or assignee, as aforesaid, may enforce against the Tenant its covenant to attorn. Upon the Tenant's request, the Landlord shall cause any Person requesting an attornment agreement to enter a non-disturbance agreement with the Tenant and the Tenant's Mortgagees under which a Person agrees not to disturb the Tenant's occupation and possession of the Leased Premises, so long as the Tenant shall not be in breach of its obligations under this Lease Agreement in any material respect.

13.2 Confirmation

13.2.1 Upon the request of the Landlord or a Landlord's Mortgagee, the Tenant shall execute promptly such instruments or certificates to evidence the attornment set out in Section 13.1.

13.2.2 Where the Tenant has not executed such instrument or certificates within ten Business Days after the date of written request by the Landlord, the Tenant hereby irrevocably appoints the Landlord as the Tenant's attorney with full power and authority to execute and deliver in the name of the Tenant such instruments or certificates.

13.3 Status Statement

Whenever requested from time to time by the Landlord or a Landlord's Mortgagee, the Tenant shall promptly (and in any event within 10 Business Days) execute and deliver to the Person requesting the same, or as it may direct, a status statement or certificate, stating:

13.3.1 that this Lease Agreement and the Ancillary Agreements are in full force and effect, except only for any modifications that are set out in the statement or certificate;

13.3.2 the Commencement Date of this Lease Agreement and its expiry date;

13.3.3 the date to which Rent has been paid under this Lease Agreement;

13.3.4 that there is not any uncured material default on the part of the Landlord or the Tenant under this Lease Agreement or the Ancillary Agreements (or if there is a material default, the certificate will state the particulars);

13.3.5 whether there are any set-offs, defences or counter-claims against enforcement of the obligations to be performed by the Tenant under this Lease Agreement or the Ancillary Agreements; and

13.3.6 such other information or statements as may reasonably be required.

Similarly, whenever requested from time to time by the Tenant or any Tenant's Mortgagee, the Landlord shall promptly execute and deliver to the Person requesting the same, or as it may direct, a status statement or certificate similar to the foregoing.

ARTICLE 14 FORCE MAJEURE

14.1 Force Majeure

14.1.1 A Party shall be deemed to have invoked Force Majeure with effect from the commencement of the event or circumstances constituting Force Majeure when that Party gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing in accordance with Section 17.1) of the effect of the Force Majeure and reasonably full particulars of the cause thereof. The Party invoking Force Majeure shall use commercially reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the Force Majeure. The Party invoking Force Majeure shall also give prompt Notice to the other Party of the termination of the event of Force Majeure.

14.1.2 If, by reason of Force Majeure, either Party is unable, wholly or partially, to perform or comply with its obligations under this Lease Agreement, then the Party so affected by Force Majeure shall be excused and relieved from performing or complying with such obligations and shall not be liable for any Losses to, or incurred or made by, the other Party in respect of or relating to (i) such Force Majeure and (ii) such Party's failure to so perform or comply during the continuance of such Force Majeure, to the extent of the inability so caused from and after the invocation of such Force Majeure and until the termination of the Force Majeure. Nothing in this Section 14.1 shall relieve a Party from making payments of any amounts that were due or owing by the Party invoking Force Majeure before the occurrence of the Force Majeure or that otherwise may become due and payable during any period of Force Majeure.

ARTICLE 15 DEFAULT

15.1 Events of Default

From and after the OPG ECA Completion Date, any of the following constitutes an event of default ("**Event of Default**") under this Lease Agreement:

15.1.1 if an order is made for the dissolution or winding-up of the Tenant, liquidation of all or substantially all of the assets of the Tenant, or appointing a trustee in bankruptcy in respect of the Tenant or if any order is made granting a stay of proceedings with respect to the Tenant and all or substantially all of its assets, including in relation to an order appointing a receiver in respect of the Tenant and all or substantially all of its assets;

15.1.2 if the Tenant shall make a general assignment for the benefit of its creditors, shall file a proposal or notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* or commence an application or obtain an order under the *Companies' Creditors Arrangement Act*, or any other legislation for the relief of bankrupt or insolvent debtors in respect of its own debts (collectively, the “**Insolvency Legislation**”); or

15.1.3 if a petition, proceeding or application is issued or commenced against the Tenant seeking to have the Tenant declared bankrupt or insolvent or seeking relief under the provisions of any Insolvency Legislation or seeking to have a receiver, receiver and manager, custodian or any official having similar powers appointed with respect to all or substantially all of the assets of the Tenant, and any such application is not set aside, vacated, discharged, revoked, stayed, dismissed, withdrawn or otherwise rendered inapplicable within 60 days of its issuance or commencement, provided that, if such relief is not obtained within such 60-day period, the Tenant shall have a further 60-day period if in the Landlord's opinion, the Tenant has proceeded and is proceeding diligently to obtain such relief and the Landlord agrees in writing that there are reasonable grounds for the Tenant's so proceeding, but if the Landlord does not so agree then there shall be an immediate Event of Default at the end of the initial 60-day period if such relief has not been obtained.

For clarity, references to a stay of proceedings in this Article 15 are without prejudice to arguments that may be advanced by either Party in respect of any motion seeking to lift such a stay of proceedings.

15.2 Remedies of Landlord

If and whenever an Event of Default occurs, then without prejudice to any other rights which it has pursuant to this Lease Agreement or at law, the Landlord, at its option, without further notice to the Tenant beyond any notice specified in Section 15.1, may, subject to the terms of any lease acknowledgement agreement:

15.2.1 terminate this Lease Agreement and all rights of the Tenant under this Lease Agreement and immediately take possession of the Leased Premises; or

15.2.2 recover from the Tenant all Direct Losses incurred by the Landlord as a result of any default by the Tenant.

15.3 Landlord's Rights to Cure Defaults

If and whenever the Tenant fails to perform any of its obligations under this Lease Agreement, the Landlord may perform any such obligation for the account of the Tenant and may enter upon the Leased Premises or any part thereof for such purpose. No notice of the Landlord's intention to perform such covenant need be given to the Tenant except if and to the extent any provision of this Lease Agreement expressly requires that notice be given in the circumstances. For clarity, the Landlord shall not prior to its exercising its rights pursuant to this Section 15.3 be required to wait for the expiry of any period of notice required to be given to the Tenant pursuant to Section 15.1 or any period of notice required to be given to any Tenant's Mortgagee. The Landlord shall not be liable to the Tenant for any Losses, damage or inconvenience to the Tenant or to the Tenant's business caused by acts of the Landlord in remedying or attempting to remedy

such default, and the Tenant shall promptly pay to the Landlord on demand the amount of all costs and expenses incurred by the Landlord in connection with such default or in curing or attempting to cure such default, from the date such costs and expenses were so incurred.

15.4 Remedies Cumulative

Subject to Section 2.3, mention in this Lease Agreement of any particular remedy or remedies of a Party in respect of any default by the other Party shall not preclude the first mentioned Party from any other remedy in respect thereof, whether available at law or in equity, by statute or expressly provided for herein. No remedy shall be exclusive or dependent upon any other remedy, but each Party may from time to time exercise any one or more of such remedies generally or in combination, such remedies being cumulative and not alternative.

ARTICLE 16 DISPUTES

16.1 Dispute Resolution Procedure

All disputes, disagreements, controversies, questions or Claims arising out of or relating to this Lease Agreement, and all other agreements entered into pursuant to the terms of this Lease Agreement, including with respect to the formation, applicability, breach, termination, validity or enforcement thereof (collectively, “**Disputes**”) shall be determined in accordance with Schedule 16.1, which sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of Disputes pursuant to the terms of Schedule 16.1 shall be final and binding upon the Parties to this Lease Agreement, and there shall be no appeal therefrom, including any appeal to a court on a question of law, a question of fact, or a question of mixed fact and law. For clarity, any rights of appeal under subsections 45(1), (2) and (3) of the Arbitration Act shall not apply to an arbitration under this Section 16.1 and Schedule 16.1.

16.2 Pendency of Disputes

The existence of a Dispute or the pendency of the dispute settlement or resolution procedures set forth in Section 16.1 and Schedule 16.1 shall not in and of themselves relieve or excuse any Party from its ongoing duties and obligations under this Lease Agreement, including any obligation to make any undisputed payment hereunder.

16.3 Specific Performance

The Parties agree that significant damage and irreparable harm would occur in the event that any of the provisions of this Lease Agreement were not performed in accordance with their specific terms or were otherwise breached and that remedies at law may be inadequate to protect against a breach of this Lease Agreement. It is accordingly agreed that the Parties shall be each entitled to an injunction or injunctions to prevent breaches of this Lease Agreement and to enforce specifically the terms and provisions of this Lease Agreement, without proof of actual damages, this being in addition to any other remedy to which each Party is entitled at law or in equity, subject to Section 2.3.

ARTICLE 17 NOTICES

17.1 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by e-mail or by delivery as hereafter provided. Any such notice or other communication will be deemed to have been received (i) if transmitted by e-mail before 5:00 pm (Toronto time) on a Business Day, on the date of such transmission and if not transmitted before such time, the next Business Day and (ii) if delivered by hand, at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section 17.1. Notices and other communications will be addressed as follows:

(A) if to OPG or the Landlord:

Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business
Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Andy Gibbons
Email: khill@torys.com and agibbons@torys.com

(B) if to the Tenant:

c/o
Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

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Attention: James Brewer, VP New Growth and Business
Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Andy Gibbons
Email: khill@torys.com and agibbons@torys.com

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any Party pursuant to or in connection with any arbitration procedures contained in the Dispute Resolution Procedure may only be delivered by hand.

The failure to send or deliver a copy of a notice or other communication to a Party's counsel, as the case may be, shall not invalidate such notice or other communication given under this Section 17.1.

ARTICLE 18 GENERAL PROVISIONS

18.1 Time of the Essence

Time is of the essence of this Lease Agreement, provided that the Parties agree that this Lease Agreement may not be terminated other than in accordance with Sections 2.1, 2.2, 11.1.2 and 15.2.

18.2 Third Party Beneficiaries

18.2.1 Except as provided in this Section 18.2, this Lease Agreement is for the sole benefit of the Parties and nothing herein, express or implied, is intended to or shall confer upon any other Person, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Lease Agreement.

18.2.2 It is the intention of the Tenant to constitute OPG as a trustee for OPG's Connected Persons, its Representatives, the Landlord's Mortgagees and the Landlord Indemnitees not a party to this Lease Agreement of the obligations, covenants, acknowledgements, waivers

and releases of the Tenant (on behalf of itself, its Connected Persons and/or the Tenant Indemnitees) to the benefit of OPG's Connected Persons, its Representatives, the Landlord's Mortgagees and the Landlord Indemnitees under this Lease Agreement, and the Landlord agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.

18.2.3 It is the intention of the Landlord to constitute the Tenant as a trustee for the Tenant's Connected Persons, its Representatives, the Tenant's Mortgagees and the Tenant Indemnitees not a party to this Lease Agreement of the obligations, covenants, acknowledgements, waivers and releases of OPG (on behalf of itself, its Connected Persons and/or the Landlord Indemnitees) to the benefit of the Tenant's Connected Persons, its Representatives, the Tenant's Mortgagees and the Tenant Indemnitees under this Lease Agreement, and the Tenant agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.

18.3 Governing Law

18.3.1 This Lease Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Province of Ontario.

18.3.2 All Disputes are to be determined in accordance with Article 16. Except as otherwise provided in Article 16, each of the Parties acknowledges and agrees it has elected to submit any Proceeding to a court of competent jurisdiction in the Province of Ontario and each Party hereto irrevocably and unconditionally attorns and submits to the jurisdiction of such courts. Each Party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to the bringing of any such Proceeding in any such court, including any objection that the place where such court is located is a forum non conveniens or that there is any other Proceeding in any other place relating in whole or in part to the same subject matter. Each Party hereto agrees that any judgment or order in any such Proceeding brought in such a court shall be conclusive and binding upon it and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a Proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders, provided that service of any required process is effected upon it in the manner specified in Section 17.1 or as otherwise permitted by Applicable Laws.

18.3.3 The Parties confirm that it is their express wish that this Lease Agreement, as well as any other documents relating to this Lease Agreement, including Notices, Schedules, Exhibits and authorizations, have been and will be drawn in the English language only. *Les parties aux présentes confirment leur volonté expresse que cette convention, de même que tous les documents s'y rattachant, y compris tous avis, annexes, pièces et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

18.4 Entire Agreement

The Facility Documents constitute the entire agreement between the Parties pertaining to the subject matter of the Facility Documents and supersede all other prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. There are no warranties, conditions, or representations (including negligent misrepresentations and any that may be implied by statute) and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in the Facility Documents. No reliance is placed on any warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into the Facility Documents by any Party or any of its Representatives, to the other Party or any of its Representatives, except to the extent that the same has been reduced to writing and included as a term of the Facility Documents and no Party has been induced to enter into the Facility Documents or any amendment or supplement by reason of any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact. Accordingly, there shall be no liability, whether arising at law or in equity and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, assessed in relation to any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.

18.5 Amendment and Modification

This Lease Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

18.6 Waiver

No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Lease Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

18.7 Further Assurances

Each Party will promptly do, take, execute or deliver or cause to be done, taken, executed or delivered all such further acts, steps, deeds, documents, assurances and things as the other Party may reasonably require from time to time for the purpose of giving effect to this Lease Agreement and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Lease Agreement.

18.8 Limited Liability of Partners

OPG acknowledges and agrees that (i) the Tenant is a limited partnership formed under the laws of the Province of Ontario, the general partners of which are (A) OPG Financing LP, a limited partnership existing under the laws of the Province of Ontario, and (B) Tenant GP; and (ii) in the event of any Claim in connection with this Lease Agreement, in no event will OPG have any recourse against the assets of any Person (including a general partner or limited partner of the Tenant or any Representative thereof), other than recourse against the assets of the Tenant itself and the assets of Tenant GP.

18.9 Legal Relationship

The relationship between the Landlord and the Tenant is that of landlord and tenant only and nothing in this Lease Agreement shall create or be deemed to create a relationship of partners, joint venturers, fiduciary, principal and agent or any other relationship between the Parties.

18.10 Planning Act Compliance

This Lease Agreement shall be effective to convey or grant an interest in the Leased Premises (including the option to renew the Term set forth in Section 2.2 and easements under Section 2.5.1) only if the subdivision control provisions of the *Planning Act* (Ontario) or any similar legislation are complied with by the Landlord at the Landlord's sole cost and expense. The Landlord represents and warrants that as of the date of this Lease Agreement, the Landlord has obtained all required consents under the *Planning Act* (Ontario) in respect of this Lease Agreement.

18.11 Registration of Lease

The Tenant agrees with the Landlord not to register this Lease Agreement on the title to the Leased Premises. However, the Landlord agrees that the Tenant may, at its expense, register notice of this Lease Agreement on the title to the Leased Premises or a short form of this Lease Agreement prepared by the Tenant and approved by the Landlord, acting reasonably. If necessary, the Landlord agrees to execute the form of notice, short form of lease or acknowledgement necessary for the purpose of registering any such notice. The Landlord will permit the Tenant to register appropriate notices against title to their lands or the lands of any Affiliate of the Tenant in order to give notice of all easement and other rights the Tenant enjoys in connection with their lands or their interest in any lands pursuant to this Lease Agreement.

18.12 Confidential and Personal Information

18.12.1 Definition of Confidential Information

18.12.1.1 For the purposes of this Lease Agreement, “**Confidential Information**” means any information provided by a Party, or its Representatives on behalf of such Party, on the one hand (such Party, the “**Disclosing Party**”), to the other Party, or any of its Representatives on its behalf, on the other hand (such Party, the “**Receiving Party**”), in connection with this Lease Agreement, whether before or after the Effective Date, whether communicated in written form, orally,

visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, studies, derivative works, reproductions, copies, extracts, summaries or other documents containing or based upon, in whole or in part, any of the information listed above in this definition, including the terms of this Lease Agreement, provided, however, “**Confidential Information**” shall not include Personal Information obtained by the Receiving Party (or its Representatives) from the Disclosing Party (or its Representatives) that is controlled by the Receiving Party within the meaning of applicable Privacy Laws. For clarity, if a record that constitutes Confidential Information contains Personal Information, the record (including any Personal Information contained therein) shall remain treated as Confidential Information. For clarity, the Landlord is deemed to be the Disclosing Party with respect to any information produced, retained or otherwise maintained by the Landlord in connection with this Lease Agreement.

18.12.1.2 Confidential Information will not include any information which the Receiving Party can conclusively establish:

18.12.1.2.1 was already lawfully in the possession of the Receiving Party on a non-confidential basis or lawfully known to the Receiving Party on a non-confidential basis prior to the disclosure of such information by or on behalf of the Disclosing Party;

18.12.1.2.2 is or was lawfully and independently developed by the Receiving Party, or on its behalf, by Persons having no access to Confidential Information at the time of such independent development;

18.12.1.2.3 is or was, at the time of disclosure, already in the public domain, or subsequently enters the public domain, in each case through no breach of the Receiving Party’s confidentiality obligations under this Lease Agreement; and for clarity, any subsequent publication of the information shall not cure any breach arising from an unauthorized disclosure by the Receiving Party; or

18.12.1.2.4 is or was lawfully obtained by the Receiving Party from an independent Person under no legal obligation to maintain the confidentiality of such information.

18.12.2 Treatment of Confidential Information

18.12.2.1 The Receiving Party will maintain the confidential nature of the Confidential Information and will take reasonable steps to protect the Confidential Information from unauthorized use, access and disclosure using at least those measures that it takes to protect its own Confidential Information of a similar

nature, but no less than reasonable care. Confidential Information will not be used by the Receiving Party nor published, communicated or otherwise disclosed by the Receiving Party to any Person except (i) as may be required for the Receiving Party to perform its obligations or exercise its rights under this Lease Agreement and in accordance with this Lease Agreement, or (ii) as otherwise permitted in this Lease Agreement, including in Section 18.12.3.

18.12.2.2 the Tenant will not Handle Confidential Information or Personal Information provided by the Landlord outside of Canada, or permit the same to be done, except to the extent that the Tenant obtains prior approval from OPG, which approval may be withheld in OPG's sole discretion.

18.12.2.3 In respect of any Confidential Information disclosed by the Disclosing Party, the Receiving Party will be fully responsible for and liable to the Disclosing Party for any subsequent use or disclosure of the Disclosing Party's Confidential Information not permitted under this Lease Agreement. For clarity and notwithstanding the foregoing, neither Party will be responsible for, or liable to the other Party for, any subsequent use or disclosure of such other Party's Confidential Information in accordance with Section 18.12.4.1, 18.12.4.2 and/or 18.12.4.3.

18.12.2.4 Confidential Information will remain the property of the Disclosing Party, and no licence of any intellectual property rights, or any other right, of the Disclosing Party in respect of its Confidential Information is granted to the Receiving Party by the disclosure of the Disclosing Party's Confidential Information, except as otherwise set out in this Lease Agreement.

18.12.2.5 The Receiving Party acknowledges that disclosure of the Confidential Information in contravention of this Section 18.12 may cause significant damage and irreparable harm to the Disclosing Party and that remedies at law may be inadequate to protect against a breach of this Section 18.12, and the Receiving Party hereby agrees in advance to the granting of injunctive relief in the Disclosing Party's favour, without proof of actual damages, in addition to any other remedy the Disclosing Party may be entitled to at law or in equity.

18.12.2.6 Immediately following (i) the expiration or sooner termination of the Term, or (ii) where OPG is the Receiving Party and there has been a Landlord Transfer pursuant to Section 12.1.1, at the written request of the Disclosing Party, the Receiving Party will, at the Disclosing Party's option, delete, destroy or return to the Disclosing Party all Confidential Information supplied by or on behalf of the Disclosing Party, no later than 60 days after receiving Notice of such a request therefor, provided that the Receiving Party will be entitled to retain one copy of such Confidential Information for record keeping purposes and provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having Confidential Information of the Disclosing

Party therein (except with respect to its one permitted copy for record keeping purposes).

18.12.2.7 In the event that the Receiving Party discloses Confidential Information that is not permitted to be disclosed under this Lease Agreement, the Receiving Party agrees to use commercially reasonable efforts to recover all copies of such Confidential Information and provide Notice to the party receiving such Confidential Information as to the confidential nature of the Confidential Information. In the event that the Disclosing Party inadvertently supplies Confidential Information that the Receiving Party is not entitled to receive under this Lease Agreement, then the Disclosing Party may send Notice to the Receiving Party requesting a return of all copies of such Confidential Information and the Receiving Party agrees to, as far as reasonably practicable, return all copies of Confidential Information, provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having any copies of such documents therein.

18.12.2.8 Notwithstanding anything in Section 18.12.2.7, in the event that a Receiving Party becomes aware of any theft, loss or unauthorized access, use or disclosure of Confidential Information of the Disclosing Party (a “**Confidentiality Incident**”), the Receiving Party shall (i) promptly, and in any event within 24 hours, notify the Disclosing Party of the Confidentiality Incident and promptly share any information reasonably requested by the Disclosing Party with respect to the Confidentiality Incident during the course of the response to the Confidentiality Incident, (ii) work to promptly contain and remediate the Confidentiality Incident, and (iii) cooperate with the Disclosing Party’s reasonable requests in the Disclosing Party’s efforts to mitigate its risks or harms arising from the Confidentiality Incident. The Parties acknowledge and agree that (A) communications between each other with respect to a Confidentiality Incident are for the purpose of the Parties receiving legal advice with respect to the Confidentiality Incident and its risks, and (B) such communications are subject to the common-interest exception to the waiver of privilege.

18.12.2.9 Where the Disclosing Party anticipates disclosing Confidential Information of a particularly sensitive nature to the Receiving Party, the Disclosing Party can request that the Receiving Party apply certain safeguards to the information in question. The Receiving Party will follow the request except that it can refuse part or all of such a request where the request is not commercially reasonable or impossible in the circumstances.

18.12.3 Disclosure of Confidential Information

18.12.3.1 Notwithstanding Section 18.12.2, a Receiving Party may disclose Confidential Information of the Disclosing Party:

18.12.3.1.1 (A) to its Affiliates, partners and shareholders and other direct or indirect holders of Equity Interests in its Affiliates, partners or shareholders, and each of its and their respective Representatives, in each case who have a need to know in respect of the performance of the Receiving Party's obligations or exercise of the Receiving Party's rights under this Lease Agreement or otherwise in connection with their direct or indirect investment in Tenant or Tenant GP, (B) in the case of OPG or any Crown corporation or other agency of the Province of Ontario that directly or indirectly holds Equity Interests in a partner of Tenant or a shareholder of Tenant GP, to the Province of Ontario, the Government of Ontario, any Ministry thereof and any of their respective Representatives who have a need to know in respect of the performance of the Receiving Party's obligations or the exercise of the Receiving Party's rights under this Lease Agreement or otherwise in connection with their direct or indirect investment in the Tenant, and (C) in the case of any partner of the Tenant or Shareholder Controlled by the Government of Canada, to its investment manager, any of its Affiliates and each of its and their respective Representatives, in each case who have a need to know for the purposes of managing a direct or indirect investment in the Tenant or Tenant GP and any ancillary purposes thereto; provided that, in each case, such Person has been informed of the Receiving Party's confidentiality obligations hereunder and is under obligations substantially similar to, and at least as stringent as, the Receiving Party's own confidentiality obligations hereunder;

18.12.3.1.2 as required by Applicable Laws, provided that, where permitted by Applicable Laws, prior to any such disclosure, the Disclosing Party will be promptly notified by the Receiving Party of the proposed disclosure and the Receiving Party will, at the Disclosing Party's request, take reasonable steps to allow the Disclosing Party, at the Disclosing Party's sole cost and expense, to contest the requirement for disclosure and/or limit the disclosure of Confidential Information to only such portions as are required by Applicable Laws or to obtain an order or ruling to preserve the confidentiality of such Confidential Information;

18.12.3.1.3 except and to the extent that legal privilege applies to such Confidential Information, as necessary in connection with any Dispute so long as such disclosure is made on a confidential basis in accordance with the Dispute Resolution Procedure or as necessary in connection with any Third Party Claim in respect of this Lease Agreement;

18.12.3.1.4 in the case of OPG, to its Representatives, in each case, if required in connection with the Leased Premises or the Facility, provided that OPG has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, OPG to hold such Confidential Information on

terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder;

18.12.3.1.5 to the extent necessary, to any financial institution or other Person from whom equity or debt financing is being sought (including any guarantor or provider of guarantee programs with respect to such debt financing) and to their respective Representatives in connection with any proposed equity or debt financing to be obtained or sought by the Receiving Party or any of its partners or shareholders in respect of the Facility (including as equity investor or lender to a direct or indirect holder of an Equity Interest in the partners of the Tenant or shareholders of Tenant GP), provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;

18.12.3.1.6 to the extent necessary, to the IESO or any Crown corporation or other agency of the Province of Ontario that enters into a power purchase agreement, a contract for differences or other similar Contract for the sale of electricity with the Receiving Party for all purposes of such Contract, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;

18.12.3.1.7 to the extent necessary, to the Transmission Company and any local distribution company, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;

18.12.3.1.8 to the OEB, including the OEB's staff, and to any Representatives of OEB-approved regulatory Proceeding intervenors, provided that the Receiving Party uses commercially reasonable efforts to request that Confidential Information be given confidential treatment by the OEB in an OEB regulatory Proceeding if warranted in the circumstances (in the reasonable judgement of OPG, consistent with the OEB's then current practice directions, policies or guidance on confidential filings and OPG's

own practices in respect of the treatment of its own confidential information by the OEB);

18.12.3.1.9 to any Governmental Authority, in connection with obtaining and/or maintaining the Permits and the Environmental Permits, provided, however, that the Receiving Party shall label documents or correspondence containing such Confidential Information as subject to exemption from further disclosure under Access Laws, where reasonably applicable;

18.12.3.1.10 to the extent necessary, to any nuclear industry organization to which OPG is a member (including the World Association of Nuclear Operators), provided that such organization has been informed of OPG's confidentiality obligations hereunder and agrees in writing to hold such Confidential Information confidential on terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder; and

18.12.3.1.11 to the extent necessary, to any potential purchaser, lessee or transferee of the Facility or any potential purchaser of any direct or indirect Equity Interests in the Receiving Party, to any lender in connection with the financing thereof, and, in each case, and to their respective Representatives, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder.

18.12.3.2 The Receiving Party shall be responsible to the Disclosing Party for any failure to perform or observe, or any breach of, an obligation of the Receiving Party set forth in this Section 18.12 by any Person to whom such Receiving Party has disclosed Confidential Information. For the purposes of this Section 18.12, if the Disclosing Party discloses Confidential Information to a Representative of the Receiving Party directly, the Receiving Party shall be deemed to have disclosed such Confidential Information to such Representative.

18.12.4 Freedom of Information and Protection of Privacy Act and Access to Information Act

18.12.4.1 The Parties acknowledge and agree that: (i) OPG, the Province of Ontario, the Tenant, and other Persons, are or may be subject to Access Laws; and (ii) OPG, the Province of Ontario, the Tenant and other Persons subject to Access Laws will be permitted, subject to Section 18.12.4.2 in respect of the Parties, to disclose Confidential Information where required under such Access Laws notwithstanding anything else in this Section 18.12. The confidentiality covenants contained in this Lease Agreement are expressly subject to any and all obligations

and requirements that may exist or may in the future arise under Access Laws, including all disclosure obligations.

18.12.4.2 A Party that receives a request under an Access Law that impacts the Confidential Information of the other Party will, in accordance with the requirements of Access Laws, advise the impacted Party of the request and provide the impacted Party with an opportunity to make submissions as to why the Confidential Information is exempt from disclosure under the Access Law.

18.12.4.3 The Parties acknowledge and agree that the ATIA may apply to Confidential Information disclosed by a Party to the CNSC. The Receiving Party will take commercially reasonable measures to preserve the confidentiality of any Confidential Information disclosed by such Receiving Party to the CNSC, including by ensuring that any such Confidential Information disclosed to the CNSC is clearly marked as confidential.

18.12.4.4 The provisions of this Section 18.12.4 will prevail over and in lieu of any other applicable provisions in this Lease Agreement that conflict with the provisions of this Section 18.12.4.

18.12.5 Personal Information

18.12.5.1 For the purposes of this Lease Agreement, “**Personal Information**” means any information that is both (i) about an identifiable individual or otherwise governed by Applicable Laws relating to privacy, and (ii) under the possession, custody or control of a Party or Handled by that Party or its Representatives on behalf of that Party in connection with a Party’s obligations under this Lease Agreement.

18.12.5.2 Each Party will Handle and safeguard Personal Information in accordance with Applicable Laws, including Applicable Laws governing privacy and the security of Personal Information (“**Privacy Laws**”).

18.12.5.3 Each Party will promptly inform the other Party of any loss, theft or accidental or unauthorized Handling of Personal Information that may materially impact the other Party. The Parties will cooperate on any response, investigation or mitigation or steps related thereto.

18.12.5.4 Each Party is responsible for their respective compliance with Privacy Laws, and will cooperate in good faith with the other Party in their respective efforts to comply with Privacy Laws in connection with this Lease Agreement. Each Party will provide in a timely manner, all necessary and reasonable information and co-operation to the other Party and to any Governmental Authorities with jurisdiction or oversight over Privacy Laws in connection with any investigations, audits or inquiries made by any such Governmental Authorities under Privacy Laws relating to the Handling of Personal Information in connection with any Party’s rights and obligations under this Lease Agreement.

18.12.5.5 To the extent of any conflict or inconsistency between this Section 18.12.5 and Section 18.12.2 or Section 18.12.3, this Section 18.12.5 will prevail.

18.12.6 Compliance with the IPA

18.12.6.1 The Parties acknowledge that certain Confidential Information is also subject to the covenants, restrictions and obligations concerning the Handling of confidential information set forth in the IPA. With respect to such Confidential Information, the provisions of this Lease Agreement are subject to the terms of the IPA and, in the event of any conflict between any provision of this Lease Agreement and the IPA concerning such Confidential Information, the provisions of the IPA shall prevail.

18.13 Waiver of Sovereign Immunity

Any Party that has a right to claim sovereign immunity for itself or any of its assets hereby waives any such immunity to the fullest extent permitted by Applicable Laws. This waiver includes immunity from: (a) any expert determination, or arbitration proceedings commenced pursuant to this Lease Agreement; (b) any judicial, administrative or other proceedings to aid the expert determination or arbitration commenced pursuant to this Lease Agreement; and (c) any effort to confirm, enforce or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from an arbitration or any judicial or administrative proceedings commenced pursuant to this Lease Agreement. Each Party acknowledges that its rights and obligations hereunder are of a commercial nature and not a governmental nature. The Parties acknowledge and agree that, as of the Effective Date, OPG does not have the right to claim sovereign immunity for itself or any of its assets under Applicable Laws.

18.14 Successors and Assigns

This Lease Agreement will be binding upon and enure to the benefit of the Parties and, to the extent permitted hereunder, their respective successors and assigns.

18.15 Counterparts

This Lease Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. A signed copy of this Lease Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Lease Agreement.

ARTICLE 19 REPRESENTATIONS AND WARRANTIES

19.1 Landlord Representations and Warranties

OPG represents and warrants to the Tenant that:

19.1.1 OPG is a corporation amalgamated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted;

19.1.2 OPG has all requisite power, authority and capacity to enter into and perform all of its obligations under this Lease Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Lease Agreement to be done, executed, delivered or performed by the Landlord;

19.1.3 this Lease Agreement has been duly authorized, executed and delivered by OPG and constitutes a legal, valid and binding obligation of OPG, enforceable against OPG in accordance with its terms, subject only to:

19.1.3.1 limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and

19.1.3.2 general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;

19.1.4 the execution and delivery by OPG of this Lease Agreement, and the performance by OPG of its obligations under this Lease Agreement, do not violate or conflict with, or constitute a default under:

19.1.4.1 OPG's Governing Documents;

19.1.4.2 any Applicable Laws; or

19.1.4.3 any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Lease Agreement;

19.1.5 OPG is able to meet its financial obligations as they become due;

19.1.6 OPG is registered under Division V of Part IX of the ETA and its registration number is 87866 4226;

19.1.7 OPG is not, and will not be, a Non-Resident; and

19.1.8 OPG is the legal and beneficial owner of the lands described in Schedule 2.1, free from all Encumbrances other than Permitted Encumbrances.

All of the representations and warranties of OPG set forth in this Section 19.1 are true and correct on the Effective Date. OPG will provide the Tenant with Notice if any of the representations and warranties of OPG set forth in this Section 19.1 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after OPG becomes aware of such falsity or inaccuracy, or immediately if the Tenant would be prejudiced by any delay in providing such Notice.

19.2 Tenant Representations and Warranties

The Tenant represents and warrants to OPG that:

19.2.1 the Tenant is a limited partnership formed and validly existing and in good standing under the laws of the Province of Ontario;

19.2.2 Tenant GP is a corporation incorporated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted, on its own behalf and on behalf of the Tenant;

19.2.3 the Tenant has all requisite power, authority and capacity to enter into and perform all of its obligations under this Lease Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Lease Agreement to be done, executed, delivered or performed by the Tenant;

19.2.4 this Lease Agreement has been duly authorized, executed and delivered by Tenant GP and constitutes a legal, valid and binding obligation of the Tenant, enforceable against the Tenant in accordance with its terms, subject only to:

19.2.4.1 limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and

19.2.4.2 general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;

19.2.5 the execution and delivery by the Tenant of this Lease Agreement, and the performance by the Tenant of its obligations under this Lease Agreement, do not violate or conflict with, or constitute a default under:

19.2.5.1 Tenant GP's Governing Documents;

19.2.5.2 Tenant's Governing Documents;

19.2.5.3 any Applicable Laws; or

19.2.5.4 any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Lease Agreement;

19.2.6 each of Tenant GP and the Tenant is able to meet its financial obligations as they become due;

19.2.7 the Tenant is registered under Division V of Part IX of the ETA and its registration number is 72850 9969; and

19.2.8 each of Tenant GP and Tenant is not, and will not be, a Non-Resident.

All of the representations and warranties of the Tenant set forth in this Section 19.2 are true and correct on the Effective Date. The Tenant will provide OPG with Notice if any of the representations and warranties of the Tenant set forth in this Section 19.2 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after the Tenant becomes aware of such falsity or inaccuracy, or immediately if OPG would be prejudiced by any delay in providing such Notice.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereto have caused this Lease Agreement to be duly executed by their respective authorized officer or officers as of the date first written above.

DNNP LP, by its managing general partner,
DNNP GP INC.

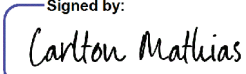
By:  Signed by:

 Name: James Brewer
 Title: President

ONTARIO POWER GENERATION INC.

By:  Signed by:

 Name: Aida Cipolla
 Title: Chief Financial Officer &
 Chief Administrative Officer

By:  Signed by:

 Name: Carlton Mathias
 Title: Chief Legal, ESG and
 Governance Officer

EXHIBIT A

FORM OF HOLT ROAD SOUTH EASEMENT

THIS EASEMENT AGREEMENT (this “**Agreement**”) is made as of the [■] day of [■], 2026 (the “**Effective Date**”),

BETWEEN:

ONTARIO POWER GENERATION INC., a corporation existing under the laws of the Province of Ontario

(the “**Transferor**”)

- and -

DNNP LP, a limited partnership existing under the laws of the Province of Ontario, by its managing general partner, **DNNP GP INC.**

(the “**Transferee**”)

RECITALS:

- A. The Transferor is the owner of certain lands and premises more particularly described in Schedule A attached hereto (the “**Holt Road South Easement Lands**”).
- B. By an amended and restated lease dated as of April 20, 2026 between the Transferor and the Transferee, the Transferor did demise and lease the premises more particularly described in Schedule B to this Agreement (the leasehold interest created in such premises, the “**Dominant Lands**”) to the Transferee upon the terms and subject to the conditions more particularly set forth therein (as amended, supplemented, restated, substituted, replaced, novated or assigned from time to time, the “**Lease Agreement**”).
- C. Transferor has agreed to grant, transfer and convey to Transferee the non-exclusive right in, over, along and upon the Holt Road South Easement Lands on the terms and subject to the conditions provided in this Agreement (the “**Easement**”).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, and the mutual covenants, terms and conditions contained herein, the Parties hereto do hereby agree as follows:

1. Defined Terms

Capitalized terms used but not defined in this Agreement shall have the respective meanings attributed to such terms in the Lease Agreement.

2. Access Easement

- (a) Easement: Transferor, for itself and on behalf of its successors and assigns, hereby grants to Transferee, its successors and assigns, a non-exclusive easement in, on, over, along and upon the Holt Road South Easement Lands, in favour and for the benefit of the Dominant Lands, for the purposes of pedestrian and vehicular access in connection with the Permitted Uses, on the terms and subject to the conditions of this Agreement.
- (b) Easement Term: The term of this Agreement shall commence on the Effective Date and shall expire or terminate, as the case may be, on the date that the Term expires or is terminated under the Lease Agreement (the “**Easement Term**”).

3. Covenants and Acknowledgements

- (a) Use by Transferee: Transferee will at all times use Holt Road South Easement Lands and any of Transferor’s improvements thereon, in a reasonable and careful manner as a prudent owner would do and in accordance with all Applicable Laws, including all Environmental Laws.
- (b) Nuisance or Waste: Transferee will not do or suffer any waste or damage, disfiguration or injury to the Holt Road South Easement Lands and will not use or permit to be used any parts of the Holt Road South Easement Lands for any illegal or unlawful purpose or any dangerous, noxious or offensive trade or business and will not cause or permit any nuisance in at or on the Holt Road South Easement Lands.
- (c) Subject to Existing Encumbrances: This Agreement and Transferee’s interest herein shall be subject to all encumbrances, easements, licences and rights of use or occupation which exist at the date of registration of this Easement, whether or not registered. Transferor may from time to time renew or extend these so long as such renewals or extensions of the rights granted thereunder do not interfere with Transferee’s use and enjoyment of the Holt Road South Easement Lands.
- (d) As Is, Where Is: Except as specifically set forth in this Agreement, the Transferor provides no representations, covenants, agreements, warranties or conditions with respect to the condition of the Holt Road South Easement Lands, whether expressed or implied, collateral or otherwise.
- (e) Compliance with Instructions and Rules: Transferee shall comply with all reasonable instructions or orders issued from time to time by Transferor and all persons acting on its behalf, including, subject to Section 3(f), instructions and orders to suspend or halt any activity on the Holt Road South Easement Lands, if any of Transferor’s operations on or near the Holt Road South Easement Lands may be interfered with or in danger or if the safety of any person may be in jeopardy. Transferee shall comply with the reasonable rules, restrictions, and protocols of the Transferor as may be imposed by the Transferor from time to time with respect to the use of the Holt Road South Easement Lands.

(f) Temporary Restriction: The Transferor shall not restrict or prevent access to the Holt Road South Easement Lands, other than in the case of:

- (i) emergencies; or,
- (ii) in accordance with Section 3(g), the performance of maintenance and repair activities, in which case the Transferor shall provide an alternate access route to permit the Transferee to access the Dominant Lands from a public road,

provided that, in each such case, such restrictions shall be temporary and only for so long as the circumstances described in Sections 3(f)(i) or 3(f)(ii), as applicable, persist.

(g) Repair, Access and Enjoyment: Subject to the terms of this Agreement, throughout the Easement Term:

- (i) the Transferor shall keep the Holt Road South Easement Lands in a condition of reasonable repair;
- (ii) the Transferor shall maintain passable and clear access to the Holt Road South Easement Lands;
- (iii) the Transferor (A) shall not interfere with the use and enjoyment of Transferee's rights to this Easement, and (B) will not grant any right or do any act or thing which may prevent access or use and enjoyment by Transferee to the Holt Road South Easement Lands; and
- (iv) where possible, the Transferor should provide prior Notice of any temporary closures.

(h) Title and Tax Status. The Transferor represents and warrants to the Transferee that the Transferor:

- (i) is not a "non-resident", nor is it an agent for a "non-resident", in each case, for the purposes of the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.);
- (ii) is the legal and beneficial owner of the Holt Road South Easement Lands; and
- (iii) has the requisite power, authority and capacity to grant the Easement.

(i) Registration. The Transferor agrees that the Transferee may, at its expense, register the Easement on the title to the Holt Road South Easement Lands. The Transferor agrees to execute such acknowledgments and agreements as are necessary for such purpose.

4. Rights of the Transferor

- (a) Rights of Transferor: This Agreement and the rights granted herein shall be subject to the right of Transferor to use, enjoy and deal with the Holt Road South Easement Lands, including in connection with the Transferor's operations at the Darlington Nuclear Generating Station located adjacent to the Dominant Lands and the right to grant further and other rights or interests in, on, over, along, under and upon the Transferor, provided there is no interference with the rights granted herein.
- (b) Non-Interference. Transferee will ensure that its activities will not materially interfere in any way with or cause any damage to the Holt Road South Easement Lands, including, without limitation, any works of Transferor now existing or hereafter constructed at or near the Holt Road South Easement Lands, and will comply with all instructions and orders to suspend or halt its operations in the event of such interference or damage.
- (c) Control of the Lands: Subject to the rights and obligations herein, Transferor has the exclusive charge, administration, management of the Holt Road South Easement Lands, including the right to perform audits and invasive tests, and the right to use, enjoy and deal with the Holt Road South Easement Lands (including (i) the right to use the Holt Road South Easement Lands for purposes that do not interfere with the rights granted herein; and (ii) the right to grant further and other easements and rights in, on, over, along and upon the Holt Road South Easement Lands if such rights do not interfere with the rights granted herein).

5. Termination

- (a) Cessation of Permitted Use: Transferor may terminate this Agreement and Transferee shall surrender and abandon the Easement upon the occurrence of any of the following:
 - (i) the construction and opening of a direct access from the Dominant Lands directly to a public right-of-way; or
 - (ii) Transferee giving notice in writing to Transferor that it no longer wishes to use the Holt Road South Easement Lands in accordance with the terms herein.
- (b) Expiry or Termination of Term. This Agreement shall automatically terminate without further action or documentation upon the expiry or termination, as the case may be, of the Term under the Lease Agreement.

6. General

- (a) Benefit and Burden: The Parties acknowledge that: (i) the benefit of this Agreement shall run with the Dominant Lands, solely for the benefit of Transferee and its successors and permitted assigns; and (ii) the burden of this Agreement shall run

with and bind the Holt Road South Easement Lands and the title thereto and be binding on Transferor and its successors in title.

- (b) Assignment: This Agreement shall not be assigned by either Party unless such assignment is made in accordance with the assignment provisions set out in the Lease Agreement, *mutatis mutandis*.
- (c) Planning Act: This Agreement shall be effective to convey or grant an interest only if the subdivision control provisions of the *Planning Act* (Ontario) or any similar legislation are complied with.
- (d) Notice: Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by e-mail or by delivery as hereafter provided. Any such notice or other communication will be deemed to have been received (i) if transmitted by e-mail before 5:00 pm (Toronto time) on a Business Day, on the date of such transmission and if not transmitted before such time, the next Business Day and (ii) if delivered by hand, at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section 6(d). Notices and other communications will be addressed as follows:

if to the Transferor:

Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business
Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Andy Gibbons
Email: khill@torys.com and agibbons@torys.com

if to the Transferee:

c/o
Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business
Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Andy Gibbons
Email: khill@torys.com and agibbons@torys.com

The failure to send or deliver a copy of a notice or other communication to a Party's counsel, as the case may be, shall not invalidate any notice given under this Section 6(d).

For the purposes of this Section 6(d), "**Business Day**" means any day other than Saturday, Sunday or any day on which banking institutions in Toronto, Ontario are not open for business.

- (e) Successors and Assigns: The burden and benefit of this Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective heirs, executors, administrators, successors, and assigns.
- (f) Further Assurances: Each Party agrees that it will at all times, at the reasonable request of the other Party, execute and deliver such further and other assurances as may be required to give full effect to the intent and meaning of this Agreement. Upon the termination or expiry of this Agreement in accordance with Section 5 of this Agreement, Transferee shall execute and deliver, and register on title to the Holt Road South Easement Lands, a transfer, release and abandonment of the Easement.

- (g) Headings: The division of this Agreement into sections, and insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.
- (h) Other: This Agreement is governed by, and is to be construed in accordance with, the laws of Ontario and the federal laws of Canada applicable therein. The Parties irrevocably submit to the nonexclusive jurisdiction of the courts of Ontario in respect of any matter relating to this Agreement. If any term of this Agreement is or becomes illegal, invalid or unenforceable, the illegality, invalidity or unenforceability will be deemed severable and will not affect any other term of this Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter. No term of this Agreement may be amended or waived except in writing. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any term of this Agreement will be deemed a waiver of any subsequent breach of that term. This Agreement may be signed and delivered in any number of counterparts, each of which when signed and delivered is an original but all of which taken together constitute one and the same instrument. **“Parties”** means the Transferor and the Transferee; and **“Party”** means any one of them.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Parties hereto have duly executed this Agreement as of the year and date first above written.

**ONTARIO POWER GENERATION
INC.**

By: _____

Name: Aida Cipolla
Title: Chief Financial Officer &
Chief Administrative
Officer

By: _____

Name: Carlton Mathias
Title: Chief Legal, ESG and
Governance Officer

DNNP LP, by its managing general
partner, **DNNP GP INC.**

By: _____

Name: James Brewer
Title: President

SCHEDULE A

HOLT ROAD SOUTH EASEMENT LANDS

Parts 1-5, on Plan 40R-33251 being part of PIN: 26606-0134 (LT); Parts 9, 10, 13, 14, 15, 16, 19 and 20, on Plan 40R-29584 being part of PIN: 26606-0367 (LT); and those additional lands forming part of PIN: 26606-0367 (LT) upon which all roadways and infrastructure comprising the existing road known as 'Holt Road South' are situated¹

¹ **Note to Completion:** The final description of lands in this Schedule A will be confirmed following the preparation by a licensed Ontario Land Surveyor of a reference plan identifying, as specific parts of PIN: 26606-0367(LT), the lands comprising remainder of the Holt Road South Easement Lands and the deposit of such reference plan on title to the Holt Road South Easement Lands, in accordance with Section 2.10.1 of the Lease Agreement. Upon deposit of such reference plan, this Schedule A shall be amended to reference the applicable Parts on such reference plan.

SCHEDULE B
DOMINANT LANDS

Legal Description:

Part of PIN: 26606-0134 (LT), being Parts 1-11 inclusive on Plan 40R-33099

SCHEDULE 1.1.5

ANCILLARY AGREEMENTS

Ancillary Agreements means, of the following agreements, those agreements that are in effect at the relevant time (as such agreements have been or are amended, restated or replaced from time to time):

1. Sublease agreement to be entered into between Aecon Group and/or Kiewit Corporation, or any of their respective Affiliates and the Tenant with respect to a portion of the Leased Premises to be determined by the Landlord and the Tenant, acting reasonably.

SCHEDULE 1.1.37

EASEMENTS

Easements in favour of Third Parties to which the Leased Premises are subject:

1. Instrument No. DR107229 being a transfer and grant of easement between OPG-Darlington Inc. and Hydro One Networks Inc. made as of April 1, 1999.
2. Such other easements as may be agreed to by the Landlord and the Tenant, acting reasonably.

Easements reserved by the Landlord:

3. Those easements required pursuant to Section 2.5.1 to be reserved by the Landlord or granted by the Tenant in favour of the Landlord.
4. Such other easements as may be agreed to by the Landlord and the Tenant, acting reasonably.

SCHEDULE 1.1.127

PERMITTED ENCUMBRANCES

1. All instruments registered on title to the Leased Premises as of the Effective Date.
2. Any other Encumbrances agreed to between the Landlord and the Tenant, from time to time, as being part of this Schedule 1.1.127.

SCHEDULE 1.1.176

NUCLEAR WASTE

ARTICLE 1 INTERPRETATION

1.1 Definitions

In addition to the terms defined in Section 1.1 of the Lease Agreement, in this Schedule 1.1.176, the following capitalized terms have the meanings given below:

1.1.1 **“Characterize”** and **“Characterized”** means the determination of the physical, radiological, chemical and biological properties of L&ILW.

1.1.2 **“Designated Site Point”** means, as applicable, one or more places on the Leased Premises, as identified jointly by the Tenant and the Landlord from time to time, each acting reasonably, where or to which:

1.1.2.1 the Landlord delivers Dry Storage Containers to the Tenant;

1.1.2.2 the Landlord delivers Landlord L&ILW Containers to the Tenant;

1.1.2.3 the Tenant delivers and places Packaged L&ILW Containers to or in the Waste Storage Facility;

1.1.2.4 the Tenant delivers Packaged L&ILW Containers to be sent for off-Site processing;

1.1.2.5 the Tenant delivers Packaged Dry Storage Containers to or in the Irradiated Fuel Dry Storage Site;

1.1.2.6 the Landlord delivers L&ILW returned to the Leased Premises after off-Site processing; or

1.1.2.7 other actions are required in connection with the Tenant Nuclear Waste Scope or the management of Nuclear Waste, as identified in an Interface Document.

1.1.3 **“Dry Storage Container”** means a dry storage container used, or to be used, for the storage of Irradiated Fuel at the Irradiated Fuel Dry Storage Site.

1.1.4 **“IAEA”** means the International Atomic Energy Agency (and includes any successor thereto).

1.1.5 **“In-Station Management”** means (a) the management and maintenance of Irradiated Fuel and other Nuclear Material or Nuclear Substance in a Spent Fuel Pool, (b) the management and maintenance of all materials, equipment and machinery in, or used in the operation of, a Spent Fuel Pool, and (c) the operation, inspection, securing,

maintenance, repair, rehabilitation, modification, improvement, and if necessary, replacement of a Spent Fuel Pool.

1.1.6 **“In-Station Management Documents”** has the meaning attributed thereto in Section 2.1.2 of this Schedule 1.1.176.

1.1.7 **“Interface Documents”** means:

1.1.7.1 in respect of Irradiated Fuel, the Landlord’s policies, procedures and practices related to the acceptance of Irradiated Fuel at the Irradiated Fuel Dry Storage Site, in each case, as provided to the Tenant;

1.1.7.2 in respect of L&ILW, the Landlord’s policies, procedures and practices related to the acceptance and Segregation of L&ILW at the Waste Storage Facility or another Designated Site Point, in each case, as provided to the Tenant; and

1.1.7.3 in respect of the Landlord’s access to the Leased Premises and obligations in respect of Nuclear Waste on the Leased Premises, the Operator’s policies, procedures and practices (on behalf of the Tenant) related to (a) access to the Leased Premises by the Landlord; (b) the transfer and handover of Nuclear Waste by the Operator, on behalf of the Tenant, to the Landlord; (c) the use of the Irradiated Fuel Dry Storage Site and the Waste Storage Facility by the Landlord; and (d) transportation of L&ILW and Irradiated Fuel on the Leased Premises, in each case as provided to the Landlord;

in each case, as such policies, practices and procedures are initially prepared, and as amended, restated or replaced from time to time, all in accordance with the provisions of Section 5.1 of this Schedule 1.1.176.

1.1.8 **“Irradiated Fuel Dry Storage Site”** means an Irradiated Fuel dry storage site and any associated facilities or structures located on the Leased Premises and includes any replacement, successor and/or additional sites required for Irradiated Fuel dry storage on the Leased Premises.

1.1.9 **“L&ILW”** means Low Level Waste and Intermediate Level Waste arising from the Permitted Uses.

1.1.10 **“L&ILW Containers”** means the Tenant L&ILW Containers and the Landlord L&ILW Containers used to store, transport, and/or process L&ILW.

1.1.11 **“Landlord L&ILW Containers”** means the overpack packaging, modules and/or containers required for: (a) the storage of L&ILW at the Waste Storage Facility; or (b) the transportation of L&ILW for off-Site processing; or any other packaging, modules and/or containers required for the storage, transportation and/or processing of L&ILW, other than the Tenant L&ILW Containers, as set out in the Interface Documents and agreed by the Parties.

1.1.12 **“Load”, “Loaded” and “Loading”** means:

1.1.12.1 in respect of Irradiated Fuel, all actions necessary to place and secure a Dry Storage Container containing Irradiated Fuel onto the appropriate transportation equipment, including assessing whether such a Loaded Dry Storage Container is fit for transport to the Irradiated Fuel Dry Storage Site; and

1.1.12.2 in respect of L&ILW, all actions necessary to place and secure an L&ILW Container into or onto the appropriate transportation equipment, including assessing whether such a Loaded L&ILW Container is fit for transport to or from the applicable Designated Site Point.

1.1.13 **“Package”, “Packaged” and “Packaging”** means:

1.1.13.1 in respect of Irradiated Fuel, all actions necessary to remove Irradiated Fuel from a Spent Fuel Pool and place it into a Dry Storage Container, including (a) placing the Irradiated Fuel into the applicable storage packaging, module and/or container, (b) placing the storage module and/or container into the Dry Storage Container, (c) closing and removing the Dry Storage Container from the Spent Fuel Pool, (d) fastening, draining, drying, decontaminating and sealing the Dry Storage Container, and (e) otherwise preparing the Dry Storage Container as required for Loading; and

1.1.13.2 in respect of L&ILW, all actions necessary to place the L&ILW into the appropriate L&ILW Container, including (a) placing the L&ILW into the applicable storage packaging, module and/or container, (b) placing such storage packaging, module and/or container into such L&ILW Container, (c) closing, fastening and/or sealing such L&ILW Container, (d) labeling such L&ILW Container, and (e) otherwise preparing such L&ILW Container as required for Loading.

1.1.14 **“Segregate”, “Segregated” or “Segregation”** means the separation, or prevention of co-mingling, of different L&ILW according to their respective physical, radiological, chemical and biological properties, as applicable, in accordance with the applicable Interface Documents.

1.1.15 **“Tenant L&ILW Containers”** means all packaging, modules and containers required for the storage, transportation, and/or processing of L&ILW as set out in the Interface Documents and agreed by the Parties, but excluding the Landlord L&ILW Containers.

1.1.16 **“Tenant Nuclear Waste Scope”** means the obligations and responsibilities of the Tenant set out in this Schedule 1.1.176.

ARTICLE 2 IRRADIATED FUEL

2.1 Irradiated Fuel

2.1.1 The Tenant shall be responsible for In-Station Management which shall be conducted and completed by the Tenant in accordance with Prudent Industry Practices, Applicable Laws and the In-Station Management Documents. In connection therewith, the Tenant shall maintain a database inventory of Irradiated Fuel existing in the Spent Fuel Pools or located at the Irradiated Fuel Dry Storage Site, and such database inventory shall contain all items required by Applicable Laws or IAEA requirements. The Tenant shall prepare all reports and other documentation required to be provided to the IAEA in respect of Irradiated Fuel and provide same to the Landlord.

2.1.2 The Tenant shall maintain policies, practices and procedures in respect of In-Station Management which have been formulated in accordance with Applicable Laws and Prudent Industry Practices (as amended or replaced, from time to time, the **“In-Station Management Documents”**).

2.1.3 Subject to Section 6.1.5 of this Schedule 1.1.176, the Tenant shall be responsible for (i) the design, construction, repair, rehabilitation, modification, improvement, operation, inspection, maintenance, securing, and, if necessary, replacement of the Irradiated Fuel Dry Storage Site, and (ii) the acquisition of equipment required to transport the Dry Storage Containers to the Irradiated Fuel Dry Storage Site, including, if necessary, replacement of such equipment.

2.1.4 The Landlord shall provide the Tenant, at the applicable Designated Site Point, with all Dry Storage Containers required, from time to time, to Package, transport to, and store Irradiated Fuel at, the Irradiated Fuel Dry Storage Site. For clarity, the Tenant shall use only Dry Storage Containers provided by the Landlord to Package Irradiated Fuel.

2.1.5 The Tenant shall be responsible for providing all packaging, modules and containers required to Package Irradiated Fuel in a Dry Storage Container and transport it to the Irradiated Fuel Dry Storage Site.

2.1.6 The Tenant shall:

2.1.6.1 in reasonable consultation with the Landlord, determine the schedule for Irradiated Fuel to be removed from the Spent Fuel Pools;

2.1.6.2 Package all Irradiated Fuel in Dry Storage Containers;

2.1.6.3 Load all Dry Storage Containers to be transported to the Irradiated Fuel Dry Storage Site;

2.1.6.4 transport all Dry Storage Containers to the Irradiated Fuel Dry Storage Site, off-load all such Dry Storage Containers from the transportation equipment, and place them at the Irradiated Fuel Dry Storage Site;

2.1.6.5 complete all welding and other activities required to seal Dry Storage Containers placed at the Irradiated Fuel Dry Storage Site;

2.1.6.6 on a regular basis, monitor all Dry Storage Containers at the Irradiated Fuel Dry Storage Site, including to identify any cracks or other damage or other integrity concerns to or in respect of the Dry Storage Containers, and promptly notify the Landlord of same; and

2.1.6.7 complete all administrative activities ancillary thereto,

all in accordance with Applicable Laws, Prudent Industry Practices and applicable Interface Documents.

2.1.7 If any cracks in, other damage to, or integrity concerns with respect to, a Dry Storage Container located at the Irradiated Fuel Dry Storage Site are identified (after such Dry Storage Container has been placed and sealed at the Irradiated Fuel Dry Storage Site), the Landlord shall be responsible for all activities necessary to address such crack, other damage or other integrity concerns in accordance with Applicable Laws, Prudent Industry Practices and applicable Interface Documents.

ARTICLE 3 LOW AND INTERMEDIATE LEVEL WASTE

3.1 Low and Intermediate Level Waste

3.1.1 Subject to Section 6.1.5 of this Schedule 1.1.176, the Tenant shall be responsible for the design, construction, repair, rehabilitation, modification, improvement, operation, inspection, maintenance, securing, and, if necessary, replacement of the Waste Storage Facility, and, as directed by the Landlord, any L&ILW processing equipment that may be installed in the Waste Storage Facility from time to time.

3.1.2 The Landlord shall provide the Tenant, at the applicable Designated Site Point, with all Landlord L&ILW Containers required, as applicable, from time to time, to:

3.1.2.1 Package, transport, and/or store L&ILW at or to a Designated Site Point, including, for clarity, the Waste Storage Facility; and

3.1.2.2 Package L&ILW to be sent for off-Site processing.

The Tenant shall not use replacements for the Landlord L&ILW Containers.

3.1.3 The Tenant shall be responsible for:

3.1.3.1 providing all Tenant L&ILW Containers required, as applicable, from time to time, to Package, transport and store L&ILW at or to a Designated Site Point, including, for clarity, the Waste Storage Facility;

3.1.3.2 providing all Tenant L&ILW Containers required, as applicable, from time to time, to Package L&ILW to be sent for off-Site processing; and

3.1.3.3 the acquisition of equipment required to transport Packaged L&ILW Containers within the Site, including, if necessary, replacement of such equipment.

3.1.4 The Tenant shall:

3.1.4.1 take commercially reasonable steps, in accordance with Prudent Industry Practices, to minimize L&ILW generated at the Facility, including taking commercially reasonable steps to minimize any non-radioactive materials that may be included as part of Low Level Waste that is Packaged and/or reusing contaminated items where appropriate in accordance with Prudent Industry Practices;

3.1.4.2 Segregate, Characterize, prepare, process and Package L&ILW to be Loaded for transportation to a Designated Site Point, including, for clarity, the Waste Storage Facility;

3.1.4.3 Load all L&ILW to be transported to a Designated Site Point, including, for clarity, the Waste Storage Facility;

3.1.4.4 transport all L&ILW to a Designated Site Point, including, for clarity, the Waste Storage Facility, off-load all such L&ILW from the transportation equipment, and place and as necessary seal it in the Waste Storage Facility or at another Designated Site Point, all as instructed by the Landlord;

3.1.4.5 process the L&ILW at the Waste Storage Facility, solely to the extent and in the manner requested by the Landlord in accordance with the Interface Documents, which, for clarity, may include compacting Low Level Waste using a compactor installed at the Waste Storage Facility;

3.1.4.6 on a regular basis, monitor all Packaged L&ILW Containers in the Waste Storage Facility or at another Designated Site Point, as applicable, including to identify any cracks or other damage or integrity concerns to or in respect of the Packaged L&ILW Containers, and promptly notify the Landlord of same; and

3.1.4.7 complete all administrative activities ancillary thereto,

all in accordance with Applicable Laws, Prudent Industry Practices and applicable Interface Documents.

3.1.5 If any cracks in, other damage to, or integrity concerns with respect to, an L&ILW Container used in respect of Intermediate Level Waste located at the Waste Storage Facility or another Designated Site Point are identified (after such L&ILW Container has been placed and sealed in the Waste Storage Facility or another Designated Site Point), the Landlord shall be responsible for all activities necessary to address such crack, other damage or other integrity concerns in accordance with Applicable Laws, Prudent Industry Practices and applicable Interface Documents.

3.1.6 If the Landlord wishes to have any L&ILW processed off-Site:

3.1.6.1 the Landlord shall be responsible for making all arrangements for such off-Site processing, including transportation from the Site, and shall be responsible for all costs and expenses in connection therewith; and

3.1.6.2 the Tenant shall co-operate with the Landlord and prepare any such L&ILW for transportation from the Site, as determined by the Landlord, and permit such processed L&ILW to be returned to the Site after such processing for storage at the Waste Storage Facility, and the Tenant shall provide any required transportation on the Site in connection therewith, all in accordance with Applicable Laws, Prudent Industry Practices and applicable Interface Documents.

3.1.7 Notwithstanding any Interface Documents, but subject to Applicable Laws, the Landlord shall retain sole and absolute discretion and decision-making authority with respect to any on-Site or off-Site processing of L&ILW, including the application and timing of such processing, the volumes processed, and the processing equipment, technologies and methods employed.

ARTICLE 4

TITLE

4.1 Title

4.1.1 The Parties acknowledge and agree that:

4.1.1.1 the Tenant is not licensed by the CNSC to possess, own, transfer, use, abandon, import, export or control a Nuclear Substance;

4.1.1.2 the Tenant has retained the Operator to operate the Facility pursuant to the MOMA;

4.1.1.3 the Operator maintains the CNSC Licences;

4.1.1.4 pursuant to the MOMA, the Operator has title, ownership, control and possession of all Nuclear Waste until it is delivered to the Landlord in accordance with the provisions of this Schedule 1.1.176 and the Tenant at no time has title, ownership, control or possession of Nuclear Waste or any other Nuclear Substance; and

4.1.1.5 the Landlord will accept delivery of Nuclear Waste from the Operator in accordance with the provisions of this Schedule 1.1.176.

4.1.2 Title to and all risks relating to Irradiated Fuel generated on the Leased Premises by the Operator shall pass from the Operator to the Landlord at the time such Irradiated Fuel enters a Spent Fuel Pool.

4.1.3 Title to and all risk relating to Low Level Waste and Intermediate Level Waste generated on the Leased Premise shall pass from the Operator to the Landlord upon the earlier of:

4.1.3.1 the time at which such Low Level Waste or Intermediate Level Waste, as applicable, is delivered to the Waste Storage Facility or another Designated Site Point; and

4.1.3.2 the time immediately prior to the time when the Leased Premises are returned to the Landlord in accordance with the terms of the Lease Agreement.

4.1.4 The Landlord's obligations under this Schedule 1.1.176 to accept Nuclear Waste is limited to Nuclear Waste generated on the Leased Premises by or on behalf of the Tenant. The Landlord will accept delivery of all Nuclear Waste generated on the Leased Premises irrespective of the volume.

ARTICLE 5

INTERFACE DOCUMENTS

5.1 Interface Documents

5.1.1 If a Party (the "**First Party**" for the purposes of this Article 5 of this Schedule 1.1.176) desires to create a new Interface Document to designate a new policy, procedure or practice or to amend or replace one of its Interface Documents, the First Party shall notify the other Party (the "**Second Party**" for the purposes of this Article 5 of this Schedule 1.1.176) of the proposed amendment, replacement or new Interface Document at least 60 days prior to the effective date for such amendment, replacement or new Interface Document. The First Party shall accompany any such notification with:

5.1.1.1 a brief explanation of the proposed amendment, replacement or new Interface Document, including a description of the reason(s) therefor; and

5.1.1.2 reasonable evidence that the content of the proposed amendment, replacement or new Interface Document has been formulated in accordance with Prudent Industry Practices and Applicable Laws.

The First Party shall undertake reasonable consultation with the Second Party with respect to such new or amendment or replacement Interface Document and take into consideration suggestions made by the Second Party, acting reasonably.

5.1.2 If the Second Party disputes that the First Party has provided the notice, explanation or evidence or consulted with the Second Party in the manner required by Section 5.1 of this Schedule 1.1.176, the Second Party agrees to comply with and follow as of the relevant effective date the amendment to or replacement of an Interface Document or the new policy, procedure or practice to be designated as an Interface Document, provided that the Second Party may submit the Dispute to the Dispute Resolution Procedure set out in Schedule 16.1.

5.1.3 At least 30 days prior to the effective date for an amendment to or replacement of an Interface Document or the designation of a new policy, procedure or practice as an Interface Document, the First Party shall provide the Second Party with a full, true and

correct copy of the amendment or replacement or new Interface Document, and, upon receipt by the Second Party of such documents, such documents will become operative.

5.1.4 Except as otherwise set out in this Lease Agreement, each Party shall be responsible for any cost or expenses incurred by it in order to comply with an amended, replaced or new Interface Document.

5.1.5 An amended, replaced or new Interface Document shall not apply to Nuclear Waste which, as applicable, was Characterized, Segregated, prepared, Packaged, Loaded, and transported to a Designated Site Point in accordance with Applicable Laws, Prudent Industry Practices and the Interface Documents prior to the effective date for such amendment, replacement or new Interface Document, but only to the extent the amendment, replacement or new Interface Document relates to or affects those activities with respect to such Nuclear Waste that had already been completed or are in the process of being completed as of such effective date.

5.1.6 Interface Documents must be consistent with the terms of the Lease Agreement, including this Schedule 1.1.176.

ARTICLE 6 MISCELLANEOUS

6.1 Miscellaneous

6.1.1 The Parties acknowledge that the Operator will, on behalf of the Tenant, perform the Tenant's obligations under this Schedule 1.1.176, and the Landlord will accept the Operator's performance as performance by the Tenant.

6.1.2 Upon the request of any of the Landlord, the Tenant or the Operator, the Landlord, the Tenant and the Operator will enter into an Acknowledgement and Agreement in a form to be agreed by the parties, each acting reasonably and in good faith, to acknowledge their respective rights and obligations under this Schedule 1.1.176.

6.1.3 The Tenant shall be responsible for providing Site services reasonably necessary for the management of Nuclear Waste on the Site, including:

- 6.1.3.1 utilities, including power, water, broadband and internet;
- 6.1.3.2 Site access and escorts;
- 6.1.3.3 security and safeguards;
- 6.1.3.4 emergency response;
- 6.1.3.5 domestic and fire water services;
- 6.1.3.6 sewage and storm sewer services;

- 6.1.3.7 radiation detection and dosimetry services;
- 6.1.3.8 effluent monitoring services;
- 6.1.3.9 Site environmental monitoring services; and
- 6.1.3.10 road access, road construction, maintenance and repair, including snow and ice clearing,

all in accordance with Applicable Law, Prudent Industry Practices and the applicable Interface Documents.

6.1.4 The Tenant shall cooperate with the Landlord with respect to any activities required to be completed by the Landlord pursuant to this Schedule 1.1.176 or in respect of Nuclear Waste, including by providing reasonable and timely access to and use of personnel, equipment and facilities located on the Leased Premises if requested by the Landlord, acting reasonably, and assisting with the removal of Packaged Nuclear Waste from the Site, including preparation for transportation; provided in each case that providing such cooperation or assistance does not unduly interfere with the Tenant's operation of the Facility in accordance with Prudent Industry Practices.

6.1.5 The Tenant shall be responsible for all of the costs and expenses incurred by the Tenant in respect of its obligations and responsibilities with respect to the Tenant Nuclear Waste Scope as provided in this Schedule 1.1.176, provided that, and notwithstanding the foregoing or anything else in the Lease Agreement, the Landlord will be responsible for, and will reimburse the Tenant for, the following costs and expenses:

6.1.5.1 all costs and expenses incurred by the Tenant in respect of the design and construction of the Irradiated Fuel Dry Storage Site and the Waste Storage Facility (including, for clarity, costs and expenses incurred by the Tenant in acquiring and installing any L&ILW processing equipment that may be installed from time to time in the Waste Storage Facility at the direction of the Landlord);

6.1.5.2 all capital costs and capital expenses incurred by the Tenant in respect of the Irradiated Fuel Dry Storage Site and/or the Waste Storage Facility, including as a result of the repair, rehabilitation, modification, improvement and, if necessary, replacement or expansion of the Irradiated Fuel Dry Storage Site and/or the Waste Storage Facility, and including, for clarity, in connection with any L&ILW processing equipment that may be installed from time to time in the Waste Storage Facility at the direction of the Landlord; and

6.1.5.3 all costs and expenses incurred by the Tenant in respect of the acquisition or replacement of transportation equipment required to transport the Dry Storage Containers to the Irradiated Fuel Dry Storage Site.

All such reimbursement payments to be made by the Landlord to the Tenant shall be paid within 30 days of the Landlord's receipt of an invoice therefor from the Tenant and shall be paid with applicable Sales Taxes. For clarity, the Tenant's costs and expenses to be

reimbursed shall exclude any amounts on account of Sales Taxes paid or payable by the Tenant in respect of such costs and expenses to the extent that such Sales Taxes are recoverable by the Tenant by way of input tax credit, refund, rebate, or other recovery mechanism under Applicable Laws relating to Sales Taxes.

6.1.6 Notwithstanding the foregoing provisions of this Schedule 1.1.176, the Landlord shall be entitled, from time to time, to assume responsibility for, or the costs and expenses associated with, specified portions of the Tenant Nuclear Waste Scope (provided that the Landlord has obtained all required Permits necessary to perform such assumed obligations), upon providing Notice of same to the Tenant, and upon such assumption, the Tenant will be relieved of such obligations so assumed by the Landlord (and any associated Interface Documents will be amended or replaced accordingly).

6.1.7 The Parties acknowledge and agree that the terms and conditions set out in this Schedule 1.1.176 have been negotiated in a manner as to reflect the existing commercial arrangement and relationship between the Parties as of the Effective Date and their respective understanding as to how Nuclear Waste matters will be addressed and the Tenant's responsibilities for Tenant Nuclear Waste Scope. In the event that either the Tenant or Landlord determines that the provisions of this Schedule 1.1.176 are not operating as intended or greater specificity or detail is required, then the Landlord and Tenant agree to engage in good faith negotiations, both acting reasonably, to agree on appropriate amendments to this Schedule 1.1.176 to reflect their shared intent as set out herein.

SCHEDULE 2.1

LEASED PREMISES

Part of PIN: 26606-0134 (LT), being Parts 1-11 inclusive on Plan 40R-33099

SCHEDULE 16.1

DISPUTE RESOLUTION PROCEDURE

DEFINITIONS

1. In this Schedule 16.1, capitalized terms not otherwise defined in this Schedule 16.1 will have their respective meanings as set forth in the ADRIC Rules (as defined below) or the Lease Agreement, as applicable, and the following capitalized terms have the meanings given below:
 - (a) **“ADRIC Rules”** means the ADR Institute of Canada, Inc. Arbitration Rules applicable to the arbitration pursuant to paragraph 2;
 - (b) **“Answer to the Notice of Arbitration”** means the response to a Notice of Arbitration to be provided by the Respondent(s) in accordance with the ADRIC Rules;
 - (c) **“Arbitrator”** means the arbitrator appointed pursuant to paragraph 12;
 - (d) **“Claimant”** means any Party that commences an arbitration pursuant to paragraph 7;
 - (e) **“Consolidation Arbitrator”** has the meaning attributed thereto in paragraph 17(b);
 - (f) **“Hearing”** means the hearing on the merits of the Dispute;
 - (g) **“Notice of Arbitration”** means the written notice a Claimant delivers to each of the Respondents in accordance with the ADRIC Rules to commence an arbitration pursuant to paragraph 7;
 - (h) **“Objection”** means the Respondent(s)’ objection to the Claimant’s Arbitrator nominee pursuant to paragraph 12;
 - (i) **“paragraph”** means a paragraph of this Schedule 16.1;
 - (j) **“Party”** means a party to a Dispute and **“Parties”** means the parties to the Dispute;
 - (k) **“Respondent”** means a Party who is not the Claimant, and the term **“Respondents”** shall, where there is only one Respondent, refer to that Respondent;
 - (l) **“Senior Leaders Meeting”** has the meaning attributed thereto in paragraph 10; and
 - (m) **“Tribunal”** means the three arbitrators appointed pursuant to paragraph 12.

GENERAL

2. All Disputes which are to be determined according to the terms of this Schedule 16.1 pursuant to Article 16 of the Lease Agreement shall be resolved by final and binding

arbitration under the ADR Institute of Canada, Inc. Arbitration Rules (the “**ADRIC Rules**”) in force at the time that the Notice of Arbitration is served, except to the extent that the ADRIC Rules are modified by the provisions of the Lease Agreement or this Schedule 16.1.

3. The seat of the arbitration shall be Toronto, Ontario.
4. The language of the arbitration shall be the English language.
5. All Hearings shall be conducted in Toronto, Ontario. Case conferences shall be held virtually, unless the Parties agree otherwise or the Arbitrator or Tribunal orders a case conference in person. Any case conference or Hearing, or portion thereof, may be held virtually if agreed by the Parties or so decided by the Arbitrator or Tribunal.
6. All notices or other communications required or permitted to be given under this Schedule 16.1 to a Party shall be given in the manner specified in Article 17 of the Lease Agreement. All notices or other communications and all other documents required or permitted by this Schedule 16.1 to be given by the Parties to the Arbitrator or Tribunal shall be given in accordance with the Arbitrator’s or Tribunal’s instructions.

COMMENCEMENT OF ARBITRATION AND ESCALATION MECHANISM

7. A Party shall commence an arbitration as Claimant by delivering a written notice of arbitration (the “**Notice of Arbitration**”) to each Respondent in accordance with the ADRIC Rules.
8. A Party may deliver a single Notice of Arbitration and commence a single arbitration with respect to a Dispute or Disputes arising out of, or relating to, more than one of the Facility Documents, regardless of whether the Dispute or Disputes under the separate Facility Documents are factually or legally related.
9. The Notice of Arbitration shall include the name of the person the Claimant nominates as an arbitrator. If there are two or more Claimants, they shall jointly nominate an arbitrator; if they are unable to agree on an arbitrator, any such Claimant may request ADRIC to nominate the arbitrator.
10. Within 30 days of service of the Notice of Arbitration, senior leaders of the Parties will meet at least once to discuss resolution of the dispute (a “**Senior Leaders Meeting**”). The arbitration shall be suspended during this 30-day period. Unless the Dispute has been resolved or the period for these discussions is extended by agreement of the Parties, once the 30 day period expires, the remaining arbitration procedures will continue. If a Party refuses to attend such a meeting, the remaining arbitration procedures will continue on expiry of the 30 day period set out in this paragraph.
11. The Respondent(s) shall serve an Answer to the Notice of Arbitration within 21 days after the date of expiry of the period for the Senior Leaders Meeting.

APPOINTMENT PROCEDURE

12. Where an arbitrator has been nominated by the Claimant(s) in its/their Notice of Arbitration, as provided for by paragraph 9, the arbitrator shall be appointed as the sole Arbitrator to resolve the Dispute unless, within 21 days after the period for Senior Leaders Meeting expires, by notice to the Claimant(s), a Respondent objects to the Claimant's/Claimants' appointee (the "**Objection**"). In the event of such an objection, the arbitration will be decided by a three-member tribunal (the "**Tribunal**") appointed as follows:
- (a) the Claimant(s) will appoint a co-arbitrator within 10 days of the Objection. The Claimant(s) may appoint the same individual it/they originally nominated as the sole arbitrator as its/their co-arbitrator. If there are two or more Claimants, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Claimant may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (b) the Respondent(s) will appoint a co-arbitrator within 10 days of the Claimant(s)' arbitrator appointment. If there are two or more Respondents, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Respondent may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (c) the Parties will confer to jointly appoint a third arbitrator to chair the Tribunal within 10 days from the Respondent(s)' arbitrator appointment;
 - (d) if no agreement is reached by the Parties regarding appointment of the chair of the Tribunal within 10 days of the Respondent(s)' arbitrator appointment, unless the Parties agree to extend that timeline, the two Party-appointed arbitrators will appoint an arbitrator to chair the Tribunal within a further 10 days; and
 - (e) if no agreement is reached by the Party-appointed arbitrators regarding appointment of the chair of the Tribunal within the further 10 day period specified above, unless the Parties agree to extend that timeline, either Party may request ADRIC to appoint the chair of the Tribunal.

HEARING AND AWARD

13. The Hearing shall take place at a date, time and place fixed by the Arbitrator or Tribunal within 270 days of the appointment of the Arbitrator or Tribunal, or at such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.
14. The Arbitrator's or Tribunal's award on the merits of the Dispute shall be delivered within 90 days of the conclusion of the Hearing, or by such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

CONFIDENTIALITY

15. The Parties desire that any Dispute should be conducted in strict confidence and that there shall be no disclosure to any Person of the existence of the Dispute or any aspect of the Dispute except as set out in this paragraph 15.

All matters relating to, all information and evidence presented in the course of, all submissions made in the course of, and all documents produced in accordance with a Proceeding under this Schedule 16.1 or any order of the Arbitrator or Tribunal or created in the course of or for the purposes of an arbitration, as well as any arbitral award, shall be kept confidential and shall not be disclosed to any Person except where such material constitutes Confidential Information under Section 18.12.1 of the Lease Agreement and disclosure is permitted pursuant to Section 18.12.3.1 or Section 18.12.4.1 of the Lease Agreement and except in the following circumstances, in which case the Parties also agree to use commercially reasonable efforts to try to obtain confidentiality orders or other confidentiality protections appropriate in the applicable context:

- (a) as is necessary for the resolution of the Dispute, as set out above in this paragraph 15;
 - (b) in connection with an application of a Party to set aside an arbitral award under section 46 of the Arbitration Act;
 - (c) as required to enforce an arbitral award;
 - (d) as required or permitted by Applicable Laws;
 - (e) by an order of an Arbitrator or Tribunal made pursuant to a motion or application on notice to all Parties; or
 - (f) for any other reason, with the prior written consent of all Parties, which reason may include such disclosure being required by a Party for pursuit or defence of a legal right or obligation (including with respect to Third Parties and Third Party Claims, as defined in the Lease Agreement, or as required by a Party's insurer), in which case no Party shall unreasonably withhold or delay its consent.
16. The Parties acknowledge that certain information involved in or relevant to a Dispute may be considered DOE-Controlled Information (as defined in section 18.6 of the MOMA) and they will establish appropriate information protocols in such event, including in relation to any discovery and production processes.

CONSOLIDATION AND JOINDER

17. The Parties agree that the Facility Documents are substantially related and that it is in the interests of justice and efficiency that Disputes under two or more of them be resolved by a single Arbitrator or Tribunal whenever possible. To this end, the Parties agree that:

- (a) In the event that two or more Disputes under any of the Facility Documents are not advanced in the same Notice of Arbitration, the Parties to the subject Disputes may, acting reasonably in view of the just and efficient resolution of the Disputes, consent to consolidate the separate arbitrations on such terms as they may agree. In the event that a Party proposes consolidation of a Dispute in connection with an asserted legal right or obligation of one or all of the Parties, whether or not related to the Facility Documents, the Parties may, in their discretion, agree to consolidation.
- (b) In the event that all of the Parties to the separate arbitrations do not consent to their consolidation, any Party to one of the subject arbitrations may serve a Notice of Arbitration to have the question of whether the subject arbitrations should be consolidated determined by final and binding arbitration by a sole arbitrator, who shall act as the consolidation arbitrator (“**Consolidation Arbitrator**”). The Parties to the subject arbitrations will agree on who shall serve as Consolidation Arbitrator. If the relevant Parties are unable to agree on the Consolidation Arbitrator, any such Party may request ADRIC to appoint the Consolidation Arbitrator. Paragraphs 3 to 6 shall apply to any Proceeding under this paragraph 17(b). Any Proceeding conducted by a Consolidation Arbitrator so appointed shall occur under ADRIC’s Expedited/Simplified Procedure unless otherwise agreed by the Parties to such Proceeding. The Consolidation Arbitrator shall determine whether the separate arbitrations should be consolidated in whole or in part based on what is just and efficient, taking into account, among other things, the identities of the Parties to the separate arbitrations, the degree to which the factual and legal issues raised in two arbitrations are interconnected, the degree to which the two arbitrations are at different procedural stages, any interest in avoiding a multiplicity of proceedings and inconsistent results and the relevant Parties’ confidentiality concerns, if any. The jurisdiction of the Consolidation Arbitrator appointed under this paragraph 17(b) shall be limited to determining whether to consolidate the separate arbitrations and any decisions related to the practical implementation of such consolidation. In the event consolidation is ordered, unless otherwise agreed, the relevant Parties shall appoint the Arbitrator or constitute the Tribunal in accordance with paragraph 12, subject to reasonable adjustments as required by the consolidated arbitration. For clarity, any Party may appoint any Arbitrator or any Tribunal member who had been appointed in any of the separate arbitrations, or the Consolidation Arbitrator, to sit as Arbitrator or Tribunal member for the consolidated arbitration. To the extent that two or more arbitrations are consolidated which are at different procedural stages, the Arbitrator or Tribunal shall hold a case conference to discuss adjustments to the procedural calendar in order to preserve the steps that had already been taken in any existing arbitration and avoid waste to the extent possible, while enabling any additional filings

required to avoid causing a Party prejudice. No arbitration shall be consolidated with another, without the Parties' consent, if the final exchange of evidence has occurred in the liability phase of the arbitration.

18. If separate arbitrations are consolidated in accordance with paragraphs 17(a) or 17(b), each party to the consolidated arbitration is deemed to have consented to such consolidation and shall be bound any award, decision or order of a Consolidation Arbitrator under paragraph 17(b).
19. If any Arbitrator was appointed or Tribunal constituted in an arbitration that is subsequently consolidated with another arbitration under paragraph 17 and the consolidation will result in the appointment of a new and different Arbitrator or Tribunal, the appointment of the former Arbitrators or Tribunals shall terminate upon the consolidation and they shall be deemed to be *functus officio*. Such termination shall be without prejudice to the date when any claim or defence was raised for the purpose of applying any limitation bar or any like rule or provision.

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT is made as of December 31, 2025 at 11:58 p.m. Toronto local time (the “**Closing Time**”)

BETWEEN

DNNP LP, a limited partnership formed under the laws of the Province of Ontario, by its managing general partner **DNNP GP INC.** (“**ProjectCo LP**”),

– and –

ONTARIO POWER GENERATION INC., a corporation existing under the laws of the Province of Ontario (“**OPG**”),

RECITALS:

- A. OPG is currently carrying out the development, design and construction of up to four BWRX-300 Small Modular Reactors and the associated electrical generating and other infrastructure (the “**Facility**”);
- B. OPG intends to enter into a series of transactions pursuant to which, among other things, ProjectCo LP will become the legal and beneficial owner of the assets relating to the Facility and will carry out the development, design, construction and, ultimately, operation and maintenance of the Facility;
- C. OPG has incurred costs and expenses in respect of the DNNP for the benefit of both OPG and ProjectCo LP; and
- D. ProjectCo LP desires to reimburse OPG, and OPG desires to accept reimbursement from ProjectCo LP, for certain costs and expenses (as further specified herein) paid, incurred or accrued by OPG in respect of the DNNP on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. Definitions

In this Agreement, the following terms will have the following meanings:

- (a) “**Agreement**” means this reimbursement agreement, including its recitals.
- (b) “**CIP Costs**” means any and all construction-in-progress costs of OPG in respect of the DNNP, other than: (x) the cost of the ProjectCo LP Contributed Assets, and (y) any GST/HST in respect of any such costs to the extent recoverable by OPG by way of input tax credit, in each case, that meet the following criteria:

- (i) the costs relate to the DNNP, including expenses incurred:
 - A. performing front-end design or engineering work, including front-end engineering design studies, or process engineering work for the DNNP, including collecting and analyzing of site data, simulating and analyzing the performance and cost of process design options, selecting the optimum process design and conducting feasibility studies or pre-feasibility studies;
 - B. clearing or excavating land; or
 - C. constructing a temporary access road to the Facility site;
- (ii) the costs are costs that:
 - A. have been paid by OPG for a period ending on or prior to December 31, 2025 (but not prior to January 1, 2022);
 - B. have been accrued by OPG for its consolidated financial statements purposes, as determined in accordance with US GAAP, for the period ending on December 31, 2025 (but not prior to January 1, 2022) as at the Settlement Time;
 - C. have been accrued by OPG for its consolidated financial statements purposes, as determined in accordance with US GAAP, for the period ending on December 31, 2025 (but not prior to January 1, 2022) to the extent not reflected in the preceding clause B; or
 - D. relate to a period ending on or prior to December 31, 2025 (but not prior to January 1, 2022) that are invoiced or which otherwise become determinable after December 31, 2025 but on or prior to December 31, 2026, to the extent not reflected in the preceding clauses A, B or C;
- (iii) the costs have been included, or are expected to be included, or but for the series of transactions that includes this Agreement would be included, in computing the additions to the capital cost to OPG of its property in a prescribed class of property under Schedule II of the *Income Tax Regulations* under the Tax Act, as made applicable for purposes of the Electricity Act; and
- (iv) the costs have not otherwise been recovered by OPG through the Ontario Energy Board's regulatory process or recorded by OPG in a DVA.
- (c) **"Closing Date"** means the date of this Agreement.
- (d) **"Closing Time"** has the meaning attributed to such term in the preamble to this Agreement.
- (e) **"DNNP"** means the Darlington New Nuclear Project, including the design, development, construction, commissioning, operating, managing, maintaining, improving and repairing, and the carrying out of other activities, in relation to the Facility, including all activities ancillary or incidental thereto.

- (f) **“DVA”** means any deferral and variance account established by the Ontario Energy Board or prescribed by applicable laws.
- (g) **“Electricity Act”** means the *Electricity Act, 1998* (Ontario).
- (h) **“Excise Tax Act”** means the *Excise Tax Act* (Canada).
- (i) **“Facility”** has the meaning attributed to such term in the recitals of this Agreement.
- (j) **“FinanceCo LP”** has the meaning attributed to such term in Section 2(a)(iii).
- (k) **“GST/HST”** means the goods and services tax and harmonized sales tax imposed under Part IX of the Excise Tax Act.
- (l) **“Interest Expense”** means, collectively:
 - (i) the interest expense in respect of the CIP Costs or the cost of the ProjectCo LP Contributed Assets that has been capitalized by OPG for purposes of its consolidated financial statements, as determined in accordance with US GAAP, in a period ending on or prior to December 31, 2025 as at the Settlement Time; and
 - (ii) the interest expense in respect of the CIP Costs or the cost of the ProjectCo LP Contributed Assets that has been capitalized by OPG for purposes of its consolidated financial statements, as determined in accordance with US GAAP, in a period ending on or prior to December 31, 2025 to the extent not reflected in the preceding clause (i).
- (m) **“OPG”** has the meaning attributed to such term in the preamble to this Agreement.
- (n) **“Person”** means an individual, a corporation, a general or limited partnership, an association, a joint stock company, limited liability company or other company, a government entity, a trust or other entity or organization, whether or not a legal entity.
- (o) **“Principal Amount”** means an amount (in Canadian dollars) equal to the sum of: (i) the Settlement Time Paid or Accrued CIP Costs, and (ii) the Settlement Time Interest Expense.
- (p) **“ProjectCo LP”** has the meaning attributed to such term in the preamble to this Agreement.
- (q) **“ProjectCo LP Contributed Assets”** has the meaning attributed to such term in the contribution agreement dated the date hereof between OPG and ProjectCo LP.
- (r) **“Reimbursable Amounts”** means all of the CIP Costs and the Interest Expense.
- (s) **“Reimbursement Note”** has the meaning attributed to such term in Section 2(a)(i).
- (t) **“Settlement Time”** means the point in time at which the Reimbursement Note is repaid by the borrower thereunder.
- (u) **“Settlement Time Interest Expense”** means all Interest Expense of the nature contemplated by clause (i) of the definition of “Interest Expense”.

- (v) “**Settlement Time Paid or Accrued CIP Costs**” means all CIP Costs, other than CIP Costs of the nature contemplated by clause (ii)C or clause (ii)D of the definition of “CIP Costs”.
- (w) “**Tax Act**” means the *Income Tax Act* (Canada).
- (x) “**Transfer Taxes**” has the meaning attributed to such term in Section 4.
- (y) “**US GAAP**” means United States generally accepted accounting principles in effect from time to time and consistently applied in accordance with past practice.

2. **Reimbursement**

- (a) ProjectCo LP hereby agrees to reimburse OPG for the Reimbursable Amounts as follows:
 - (i) *Settlement Time Paid or Accrued CIP Costs and Settlement Time Interest Expense.* At the Closing Time, ProjectCo LP will issue a non-interest-bearing demand promissory note in favour of OPG having a principal amount equal to the Principal Amount (which OPG will accept in full payment and satisfaction of the reimbursement of the Settlement Time Paid or Accrued CIP Costs and the Settlement Time Interest Expense) (the “**Reimbursement Note**”).
 - (ii) *Excess CIP Costs.* During the period beginning on January 1, 2026 and ending on December 31, 2026, ProjectCo LP will reimburse OPG for any and all CIP Costs, other than Settlement Time Paid or Accrued CIP Costs, that are invoiced or which otherwise become determinable during such period, and OPG may, from time to time, direct ProjectCo LP to pay CIP Cost payee(s) in satisfaction of ProjectCo LP’s reimbursement obligations contemplated by this Section 2(a)(ii).
 - (iii) *Excess Interest Expense.* If the Interest Expense that has been reflected in OPG’s audited consolidated financial statements for the period ending on December 31, 2025, as determined in accordance with US GAAP, is greater than the Settlement Time Interest Expense, then ProjectCo LP will pay as a reimbursement to OPG an amount of cash equal to such difference; provided, however, that ProjectCo LP shall not be required to satisfy its reimbursement obligations under this Section 2(a)(iii) until it next makes a request of its partners to subscribe for additional partnership units in accordance with its limited partnership agreement, and shall, at such time, satisfy its reimbursement obligations under this Section 2(a)(iii) by way of set-off against any obligation of OPG to pay amounts, directly or indirectly through OPG Financing LP (“**FinanceCo LP**”), to ProjectCo LP as subscription price for additional partnership units in connection therewith (such set-off to be memorialized in a separate set-off agreement in form and substance acceptable to OPG and, if applicable, FinanceCo LP, and ProjectCo LP).
- (b) If, following the issuance of the auditor’s opinion in respect of OPG’s audited consolidated financial statements for the period ending on December 31, 2025, it is determined that the sum of (x) the CIP Costs reflected in such audited consolidated financial statements, as determined in accordance with US GAAP, for the period ending on December 31, 2025 (but not prior to January 1, 2022) (excluding the CIP Costs reimbursed pursuant to Section 2(a)(ii), if any), and (y) the Interest Expense reflected in such audited consolidated financial statements, as determined in accordance with US GAAP, for the period ending on December 31, 2025, is less than the Principal Amount then OPG shall, as soon as

practicable following such determination, pay as a refund to ProjectCo LP an amount of cash equal to such difference by wire transfer of immediately available funds.

- (c) For the avoidance of doubt, (i) each individual component of the Reimbursable Amounts shall be reimbursed hereunder without duplication; and (ii) OPG shall pay and fully satisfy all CIP Costs that are unpaid as of the Closing Time or which become payable after the Closing Time.

3. **Schedule A**

OPG and ProjectCo LP acknowledge that the Settlement Time Paid or Accrued CIP Costs and Settlement Time Interest Expense cannot be determined with certainty as of the date of this Agreement. OPG shall prepare a summary setting forth the aggregate Settlement Time Paid or Accrued CIP Costs and the Settlement Time Interest Expense and shall append such summary hereto as Schedule A as soon as practicable after the date hereof.

4. **Taxes**

The reimbursement by ProjectCo LP of the Reimbursable Amounts under Section 2 does not include any applicable GST/HST, value added, consumption, use and sales taxes (including any provincial and retail sales taxes), transfer taxes (including land transfer taxes and registration fees), excise taxes, duties, tariffs and other like charges imposed under any applicable law ("**Transfer Taxes**") on or with respect to the reimbursement by ProjectCo LP of the Reimbursable Amounts under Section 2. All applicable Transfer Taxes shall be paid by the Person who is liable to pay such Transfer Taxes under applicable law. If OPG is required by applicable law or the administration thereof to collect any applicable Transfer Taxes from ProjectCo LP in respect of the reimbursement by ProjectCo LP of the Reimbursable Amounts under Section 2, ProjectCo LP shall pay such Transfer Taxes to OPG concurrent with and in addition to the reimbursement of the Reimbursable Amounts under Section 2. OPG and ProjectCo LP shall jointly elect in prescribed form and within the prescribed time to have subsection 156(2) of the Excise Tax Act apply so that no GST/HST is payable in respect of the reimbursement of the Settlement Time Paid or Accrued CIP Costs and the Settlement Time Interest Expense under Section 2. Notwithstanding anything to the contrary in this Agreement, ProjectCo LP shall indemnify and hold OPG harmless from any GST/HST, penalties, interest and other amounts which may be assessed against OPG as a result of such election not being applicable.

5. **Interpretation**

- (a) Headings. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.
- (b) Gender, Number and Grammatical Changes. In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) Statutory References. In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to a statute includes every regulation made pursuant thereto, and a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder. Any reference herein to a particular

provision or part of the Tax Act or similar legislation of any province or territory in Canada will include a reference to that provision or part as it may be renumbered or amended from time to time and any successor provision or part or any renumbering or amendment thereof. All references to a provision of the Tax Act shall be deemed to include a reference to any equivalent provision under the applicable tax legislation of a province or territory in Canada.

- (d) Invalidity of Provisions. Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement. To the extent permitted by applicable law, each of the parties waive any provision of applicable law which renders any provision of this Agreement invalid or unenforceable in any respect. Each of the parties shall endeavour in good faith to agree to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.
- (e) Miscellaneous.
 - (i) References containing terms such as “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, shall be deemed to not be limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.
 - (ii) Whenever the terms “will” or “shall” are used in this Agreement they shall be construed and interpreted as synonymous and to read “shall”.
 - (iii) The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or thing extends, and shall not simply mean “if”.
 - (iv) The words “hereof,” “herein”, “hereto”, “hereby” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement unless expressly so limited.
 - (v) References to Articles, Sections, Exhibits and Schedules are to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless otherwise specified.

6. General Provisions

- (a) Further Assurances. Each of the parties will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.
- (b) Benefit of Agreement. This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.
- (c) Amendments and Waivers. No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any

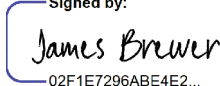
breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

- (d) Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.
- (e) Governing Law. This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- (f) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.
- (g) Electronic Transmission. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

[Signature page follows]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

DNNP LP, by its managing general partner,
DNNP GP INC.

By:  Signed by:
02F1E7296ABE4E2...
Name: James Brewer
Title: President

ONTARIO POWER GENERATION INC.

By: _____
Name: Aida Cipolla
Title: Chief Financial Officer &
Chief Administrative Officer

By: _____
Name: Arthur Kwok
Title: Senior Vice President,
Treasurer

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

DNNP LP, by its managing general partner,
DNNP GP INC.

By: _____

Name: James Brewer
Title: President

ONTARIO POWER GENERATION INC.

By: _____

Signed by:

ED3AB8197958429...
Name: Aida Cipolla
Title: Chief Financial Officer &
Chief Administrative Officer

By: _____

Name: Arthur Kwok
Title: Senior Vice President,
Treasurer

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

DNNP LP, by its managing general partner,
DNNP GP INC.

By: _____

Name: James Brewer
Title: President

ONTARIO POWER GENERATION INC.

By: _____

Name: Aida Cipolla
Title: Chief Financial Officer &
Chief Administrative Officer

By: _____

Signed by:

Arthur Kwok

66D1E4BC6D634E3...

Name: Arthur Kwok
Title: Senior Vice President,
Treasurer

SCHEDULE A

Summary of Settlement Time Paid or Accrued CIP Costs and the Settlement Time Interest Expense

This schedule of costs presents a summary of total Settlement Time Paid or Accrued CIP Costs and Settlement Time Interest Expense costs paid, incurred or accrued by OPG in respect of the DNNP for the period ending December 31, 2025:

Asset	Amount (C\$)
Long-term asset	42,269,297.28
Construction-in-progress	1,949,314,888.58
Total Expense Reimbursement	1,991,584,185.86

DNNP LP

– and –

ONTARIO POWER GENERATION INC.

**AMENDED AND RESTATED
DEVELOPMENT AND CONSTRUCTION PROJECT MANAGEMENT AGREEMENT**

April 20, 2026

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**AMENDED AND RESTATED
DEVELOPMENT AND CONSTRUCTION PROJECT MANAGEMENT AGREEMENT**

THIS AMENDED AND RESTATED DEVELOPMENT AND CONSTRUCTION PROJECT MANAGEMENT AGREEMENT is made as of the 20th day of April, 2026,

BETWEEN:

DNNP LP, a limited partnership existing under the laws of the Province of Ontario, by its managing general partner, **DNNP GP INC.**

(**“ProjectCo LP”**)

AND:

ONTARIO POWER GENERATION INC., a corporation existing under the laws of the Province of Ontario

(**“OPG”**)

WHEREAS:

- A. On December 29, 2025, the Parties entered into a development and construction project management agreement (the **“Original Project Management Agreement”**).
- B. ProjectCo LP desires to have the Project Manager continue to provide project management services to ProjectCo LP in connection with the Facility, and the Project Manager desires to continue to provide such services to ProjectCo LP, subject to the terms and conditions of this Agreement.
- C. OPG and ProjectCo LP desire to amend and restate the Original Project Management Agreement in its entirety in the manner hereinafter set forth.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement (including its recitals), the following capitalized terms have the meanings given below:

- (a) **“Access Laws”** means, as applicable, FIPPA, ATIA and the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario).

- (b) “**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries: (x) Controls such Person, (y) is Controlled by such Person, or (z) is Controlled by a third Person that also Controls such Person, provided that, and notwithstanding the foregoing:
- (i) with respect to OPG and the Project Manager, if the Project Manager is OPG or is Controlled by OPG, “**Affiliate**” shall be limited to OPG and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by OPG, provided that ProjectCo LP and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be “**Affiliates**” of OPG or the Project Manager for purposes of this Agreement;
 - (ii) with respect to ProjectCo LP and ProjectCo GP, if the Project Manager is OPG or a Qualified Successor Project Manager or is Controlled by OPG or a Qualified Successor Project Manager and ProjectCo LP or ProjectCo GP is Controlled by OPG or a Qualified Successor Project Manager, “**Affiliate**” shall be limited to any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP, provided that, for clarity, if the Project Manager is OPG or a Qualified Successor Project Manager or is Controlled by OPG or a Qualified Successor Project Manager, OPG or the Qualified Successor Project Manager, as applicable, and any Person Controlled by OPG or the Qualified Successor Project Manager, as applicable (other than ProjectCo LP and ProjectCo GP and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be “**Affiliates**” of ProjectCo LP or ProjectCo GP for purposes of this Agreement; and
 - (iii) following a Project Manager Transfer to a Qualified Successor Project Manager and with respect to such Qualified Successor Project Manager that becomes a Party to this Agreement and the Project Manager, if such Qualified Successor Project Manager is Controlled by the Crown, “**Affiliate**” shall be limited to the Ultimate Parent (within the meaning of ProjectCo LP’s Governing Documents) of such Qualified Successor Project Manager (or its Affiliate that is a partner of ProjectCo LP) and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by such Ultimate Parent, provided that ProjectCo LP and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be “**Affiliates**” of the Project Manager for purposes of this Agreement.
- (c) “**Agent**” has the meaning attributed thereto in the IESO Payments Agreement. For clarity, all references to the Agent are references to the Agent in its capacity as agent under the IESO Payments Agreement, and not in any other capacity.

- (d) “**Agreement**” means this agreement and all Schedules attached hereto, which for clarity are an integral part of this agreement.
- (e) “**Applicable Laws**” means, collectively, all applicable:
 - (i) federal, provincial, municipal and other laws, decrees, ordinances, instruments, codes, constitutions, treaties, orders-in-council, by-laws, codes, rules, regulations and statutes;
 - (ii) legally enforceable orders, rulings, decisions, codes, judgments, injunctions, directives, awards and writs of any Governmental Authority;
 - (iii) policies, practices, standards, guidelines, notices and industry protocols of any Governmental Authority to the extent that they have the force of law;
 - (iv) rulings, conditions and requirements of any Permits, Consents or similar rights issued by a Governmental Authority; and
 - (v) requirements under or prescribed by applicable common law or equity, including, for clarity, all applicable Authority Requirements.
- (f) “**Approved Annual Project Budget**” has the meaning attributed thereto in Section 5.7(a), as may be updated in any Fiscal Year in accordance with Section 5.7(c).
- (g) “**Arbitration Act**” means the *Arbitration Act, 1991* (Ontario).
- (h) “**Asset Transfer Costs**” means (i) the aggregate amount of Reimbursable Amounts (as defined in that certain reimbursement agreement between ProjectCo LP and OPG dated as of the Asset Transfer Date (the “**Reimbursement Agreement**”)) for which ProjectCo LP has reimbursed OPG pursuant to the Reimbursement Agreement; and (ii) the fair market value of the ProjectCo LP Contributed Assets (as defined in that certain contribution agreement between ProjectCo LP and OPG dated as of the Asset Transfer Date) on the Asset Transfer Date, which fair market value the Parties acknowledge and agree is \$1,000.
- (i) “**Asset Transfer Date**” means December 31, 2025.
- (j) “**ATIA**” means the *Access to Information Act* (Canada).
- (k) “**Authority Requirements**” means any order, direction, directive, policy, standard, guideline or rule of or by any Governmental Authority which is known by the Project Manager or publicly available, including, for clarity, CNSC policies, regulatory documents, administrative interpretations, directives and staff review procedures, the IESO Market Rules and the legally binding requirements resulting from the EA Approval.
- (l) “**Beneficiary**” has the meaning attributed thereto in Section 12.4(a).

- (m) **“Business Day”** means any day other than Saturday, Sunday or any day on which banking institutions in Toronto, Ontario are not open for business.
- (n) **“Canadian Control Permits”** has the meaning attributed thereto in Section 18.7(a)(i).
- (o) **“CE ITC”** means any clean electricity investment tax credits as defined in subsection 127.491(1) of the Tax Act for purposes of Section 127.491 of the Tax Act.
- (p) **“CEAA Joint Review Panel”** means the joint review panel that constitutes a review panel pursuant to the *Canadian Environmental Assessment Act*, and a panel of the CNSC pursuant to the NSCA for the purpose of reviewing the CNSC Site Preparation Licence.
- (q) **“Claims”** means:
 - (i) any claim, demand or complaint;
 - (ii) any court action, suit, arbitration, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure;
 - (iii) any investigation or inquiry by or before any Governmental Authority or similar body; and/or
 - (iv) any similar matter or proceeding.
- (r) **“CNSC”** means the Canadian Nuclear Safety Commission established pursuant to the NSCA.
- (s) **“CNSC Licences”** means, in respect of the Facility, the Services or the Leased Premises, all Consents and Permits required by Applicable Laws to be obtained from, and all Consents and agreements entered into with, the CNSC, relating to the design, site preparation, development and construction of the Facility or any Unit Facility.
- (t) **“CNSC Site Preparation Licence”** means the nuclear power reactor site preparation licence issued by the CNSC, pursuant to the NSCA to OPG dated August 17, 2012, in respect of the preparation of the Leased Premises for the construction of the Facility, as amended or replaced from time to time.
- (u) **“Combined Nuclear Fleet”** means, collectively, the OPG Nuclear Fleet and the Facility.
- (v) **“Commercial Operation”** means, in respect of a Unit Facility:

- (i) the Operator has received the CNSC's approval to release the Unit Facility from all applicable reactor shutdown guarantees;
 - (ii) there are no conditions in respect of the Unit Facility that are reasonably expected to require a planned or maintenance outage within 30 days following the "Substantial Completion Date" (or similar date), as defined under the applicable project execution agreement for such Unit Facility (which, for the Unit 1 Facility, is the IPA); and
 - (iii) the registration of the Unit Facility with the IESO as a "commissioning generation facility" has expired as a result of the final commissioning test in respect of the Unit Facility having been completed and submitted to and approved by the IESO pursuant to section 2.2A of Chapter 7 of the IESO Market Rules and the Unit has been registered with the IESO as a "generation facility" in accordance with section 2.2 of Chapter 7 of the IESO Market Rules.
- (w) **"Commercial Operation Date"** means, in respect of a Unit Facility, the date on which such Unit Facility achieves Commercial Operation.
- (x) **"Conditions of Performance"** has the meaning attributed thereto in Section 5.2(a).
- (y) **"Confidential Information"** has the meaning attributed thereto in Section 18.1(a).
- (z) **"Confidentiality Incident"** has the meaning attributed thereto in Section 18.2(h).
- (aa) **"Connected Persons"** means, in respect of a Party, all past or present Persons who directly or indirectly own or hold (or owned or held) a direct or indirect legal or beneficial interest in any Equity Interests in such Party, but:
- (i) only in such Person's capacity as a past or present owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in such Party and not in any other capacity; and
 - (ii) excluding (A) a Person whose indirect legal or beneficial interest in any Equity Interests in such Party is held directly or indirectly: (1) through Equity Interests that are listed on a Recognized Stock Exchange, (2) through Equity Interests in a Private Equity Fund, excluding any Equity Interests held by the sponsor or investment manager of such Private Equity Fund (or any of their respective Affiliates), (3) through Equity Interests in the Ultimate Parent (within the meaning of ProjectCo LP's Governing Documents) of such Party, or (4) solely as a result of such Person being a beneficiary of a pension plan or pension fund; and (B) any Governmental Authority.
- (bb) **"Connection Agreement"** means the agreement or agreements that may be entered into between the Operator and/or ProjectCo LP and the Transmission Company with respect to the connection of the Facility to the IESO-Controlled Grid in

accordance with the Transmission System Code that governs the terms and conditions of such connection.

- (cc) “**Consent**” means any consent, approval, authorization, waiver or notice to or from any Person, including any Governmental Authority.
- (dd) “**Contamination**” means the presence of any Hazardous Materials in the Environment, except Hazardous Materials present in the Environment in concentrations that would reasonably be expected to be below applicable standards as set by Applicable Laws, including the generic soil, groundwater and sediment standards set out in the document entitled “Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act”, published by the Ontario Ministry of the Environment on April 15, 2011, as it may be amended or replaced from time to time. If Contamination is present in soil, surface water, sediment or groundwater, then the soil, surface water, sediment or groundwater, as applicable, containing the Contamination will also be deemed to be Contamination for the purposes of this Agreement.
- (ee) “**Contract**” means any contract, obligation, agreement, arrangement, undertaking, engagement, or commitment or the like.
- (ff) “**Control**” means:
 - (i) when applied to the relationship between a Person and a corporation, (A) the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, or (B) where such corporation has no share capital, the ability of such Person, whether directly or indirectly, to elect, appoint or cause the election or appointment of a majority of the directors (or equivalent governing body) of such corporation;
 - (ii) when applied to the relationship between a Person and a partnership (other than a limited partnership) or joint venture, the beneficial ownership by such Person at the relevant time of securities or ownership interests of such partnership or joint venture carrying more than 50% of the voting interests of the partnership or joint venture; or
 - (iii) when applied to the relationship between a Person and a limited partnership, the beneficial ownership by such Person at the relevant time of shares of the general partner or general partners of such limited partnership carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such general partner or general partners; and

the term “**Controlled by**” has a corresponding meaning; provided that a Person who Controls a corporation, partnership, limited partnership or joint venture (for the purposes of this definition, the “**second mentioned Person**”) shall be deemed

to Control a corporation, partnership, limited partnership or joint venture which is Controlled by the second mentioned Person and so on.

(gg) **“Corporate Records”** means:

- (i) all Governing Documents of ProjectCo LP and ProjectCo GP;
- (ii) all minutes of meetings and resolutions of partners of ProjectCo LP, and of the Shareholders and directors (and any committee of directors) of ProjectCo GP;
- (iii) the partnership unit or share certificate books, securities register, register of transfers and register of partners, directors and officers with respect to ProjectCo LP or ProjectCo GP;
- (iv) all materials and documentation provided to the partners of ProjectCo LP by, or on behalf of, ProjectCo LP or to the Shareholders or directors of ProjectCo GP by, or on behalf of, ProjectCo GP pursuant to the Governing Documents of ProjectCo LP or ProjectCo GP, excluding all Other Documentation;
- (v) all tax records relating to ProjectCo GP or ProjectCo LP;
- (vi) all Contracts executed by ProjectCo GP in its own capacity or as managing general partner of ProjectCo LP; and
- (vii) all records related to any Claims brought by or against ProjectCo LP or ProjectCo GP other than any such records of OPG in respect of a Claim brought (A) by OPG in any capacity, including as Operator, Project Manager, Landlord, Agent, Licensor, Shareholder and/or partner of ProjectCo LP, against ProjectCo LP or ProjectCo GP, or (B) by ProjectCo LP or ProjectCo GP against OPG in any capacity, including as Operator, Project Manager, Landlord, Agent, Licensor, Shareholder and/or partner of ProjectCo LP.

(hh) **“Correction Costs”** has the meaning attributed thereto under the IPA.

(ii) **“Crown”** means His Majesty the King in right of the Province of Ontario.

(jj) **“Decommissioning Obligations”** has the meaning attributed thereto under the Lease Agreement.

(kk) **“Developed IP”** has the meaning attributed thereto in Section 13.1.

(ll) **“Direct Losses”** means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses (including the cost of legal or professional services, legal and professional costs being on a full indemnity basis) and charges, whether arising at law or in equity and whether based upon a Claim in contract, tort

(including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, but excluding in all circumstances Indirect Losses. For clarity and notwithstanding the foregoing, any amount paid or finally awarded in respect of a Third Party Claim against a Party will be considered Direct Losses.

- (mm) **“Disclosing Party”** has the meaning attributed thereto in Section 18.1(a).
- (nn) **“Dispute Resolution Procedure”** means the procedure set out in Schedule C.
- (oo) **“Disputes”** has the meaning attributed thereto in Section 16.1.
- (pp) **“DNNP Commitments Report”** means the Darlington New Nuclear Project Commitments Report, Document Number NK054-REP-01210-00078, current version, R009, prepared by OPG, and as may be revised from time to time by OPG.
- (qq) **“DNNP Costs”** means, collectively but without duplication, at the relevant time, all costs, charges and expenditures incurred or paid by ProjectCo LP to complete the design, construction, commissioning and warranty work of the Facility, including the Asset Transfer Costs, and all other costs, charges and expenditures required to bring each Unit comprising the Facility into Commercial Operation, for the Facility to achieve Final Completion and for any warranty work to be performed in respect of the Facility. Notwithstanding the foregoing, and for clarity, “DNNP Costs” shall include:
 - (i) Operational Readiness Costs;
 - (ii) such costs, charges and expenditures related to activities authorized by ProjectCo LP in relation to the Unit 2 Facility, Unit 3 Facility and Unit 4 Facility prior to such time that ProjectCo LP approves such Unit Facilities for construction and commissioning;
 - (iii) any Correction Costs payable under the IPA and, if one or more Unit Facilities comprising the Facility is constructed under one or more Project Agreement(s) other than the IPA, any amounts payable by ProjectCo LP in respect of any warranty work to be performed under such Project Agreement(s) (to the extent applicable); and
 - (iv) all amounts payable by ProjectCo LP under this Agreement,but shall exclude:
 - (v) any return on equity on, or cost of debt in respect of, any “DNNP Costs” or otherwise; and
 - (vi) any amounts payable by ProjectCo LP under the MOMA or the Lease Agreement.

- (rr) **“DNNP IP Rights”** has the meaning attributed thereto in the IP Rights Agreement.
- (ss) **“DNNP Nuclear Installation”** has the meaning attributed thereto in Section 11.1(a)(ii).
- (tt) **“EA Approval”** means the Environmental Impact Statement, and the results of the CEAA Joint Review Panel process in respect thereof, including the report of the CEAA Joint Review Panel, and including the follow up actions, conditions, decisions, approvals and recommendations in respect of Governmental Authorities in respect thereof.
- (uu) **“Effective Date”** means the date of this Agreement.
- (vv) **“Electricity Act”** means the *Electricity Act*, 1998 (Ontario).
- (ww) **“Emergency Event”** means one or more situations, occurrences, events or circumstances that require immediate intervention and:
 - (i) pose a risk of harm to the health and/or safety of persons, including any Releases or Contamination that would create such a risk of harm;
 - (ii) cause or would reasonably be expected to cause material damage or harm to (A) property, (B) the Environment, the IESO-Controlled Grid or any Local Distribution System, and/or (C) buildings and/or equipment, including the Facility; and/or
 - (iii) materially interfere with or prejudice or would reasonably be expected to materially interfere with or prejudice the safe operation of the Facility, the IESO-Controlled Grid, any Local Distribution System, the Darlington NGS (as defined under the Lease Agreement), the Darlington NGS Site (as defined under the Lease Agreement), or any part of the Leased Premises having regard, as applicable, to the Conditions of Performance.
- (xx) **“Encumbrance”** means any mortgage, lien, pledge, judgment, execution, charge, security interest, restriction, lease, sublease, easement or encumbrance of any nature whatsoever, including Claims of the Ontario Workplace Safety and Insurance Board, Canada Revenue Agency and any other Governmental Authority.
- (yy) **“Environment”** means ambient air, all layers of the atmosphere, all living organisms and the interacting natural systems that include components of air, land, soil, sediment, water, organic and inorganic matter and living organisms, land, surface water, underground water, subsurface rock, subsurface strata, bedrock and other underground natural resources or any combination thereof.
- (zz) **“Environmental Law”** means all Applicable Laws related to the Environment, including Applicable Laws related to pollution, protection of the Environment, Releases (or threatened Releases) into ambient air, surface water, ground water, sediment, or lands, and as otherwise related to the manufacture, processing,

distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, including the *Canadian Environmental Assessment Act* (Canada), the *Canadian Environmental Protection Act*, 1999 (Canada), the *Dangerous Goods Transportation Act* (Ontario), the *Environmental Bill of Rights*, 1993 (Ontario), the *Environmental Protection Act* (Ontario), the *Fisheries Act* (Canada), the *Technical Standards and Safety Act*, 2000 (Ontario), the *Ontario Water Resources Act*, the *Pest Control Products Act* (Canada), the *Pesticides Act* (Ontario), the *Transportation of Dangerous Goods Act*, 1992 (Canada) and the respective regulations thereunder and any municipal noise or sewer use by-law.

- (aaa) **“Equity Interest”** means, in respect of any Person, (i) any and all shares or other equity or ownership interests (including common shares, preferred shares, capital stock, partnership interests, trust interests, limited liability company interests and limited liability partnership interests) in such Person; and (ii) all convertible securities and other rights convertible into or exchangeable for such shares or other equity or ownership interests in such Person (whether or not currently exercisable, exchangeable or convertible), including rights to subscribe, warrants, options, conversion privileges, and exchange rights for such shares or other equity or ownership interests in such Person.
- (bbb) **“ETA”** means the *Excise Tax Act* (Canada).
- (ccc) **“Excluded Taxes”** means Income Taxes imposed on the Project Manager, together with interest thereon and penalties with respect thereto.
- (ddd) **“Export Control Regulations”** means the export control laws and regulations of United States and/or Canadian Governmental Authorities, including (i) the U.S. Department of Energy’s export regulations of nuclear technology under 10 C.F.R. Part 810 (U.S. Code of Federal Regulations) and the U.S. Department of Commerce’s export regulations at 15 C.F.R. Parts 730 et seq, (ii) the NSCA, the Export and Import Permits Act (Canada) and the Nuclear Non-proliferation Import and Export Controls Regulations SOR/2000-210, and (iii) any Authority Requirements in relation to the foregoing.
- (eee) **“Facility”** means, collectively, the Unit 1 Facility and, to the extent approved by ProjectCo LP for construction and commissioning, the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility, except to the extent a Stoppage Vote Resolution has been passed in respect of any such Unit Facility, in which case **“Facility”** means:
 - (i) in the event that one or more Stoppage Vote Resolutions are passed in respect of the Unit 1 Facility and all other Unit Facilities approved by ProjectCo LP for construction and commissioning, each Unit Facility (to the extent in existence at the time the Stoppage Vote Resolution in respect of such Unit Facility was passed), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect of the Unit Facilities; or

- (ii) in all other circumstances, (x) all Unit Facilities in respect of which no Stoppage Vote Resolution has been passed, together with (y) each Unit Facility in respect of which a Stoppage Vote Resolution has been passed (to the extent in existence at the time of the passage of such Stoppage Vote Resolution), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect thereof.
- (fff) **“Facility Documents”** means, collectively, this Agreement, the IESO Payments Agreement, the Lease Agreement, the MOMA and the IP Rights Agreement.
- (ggg) **“Facility Purposes”** has the meaning attributed thereto in the IP Rights Agreement.
- (hhh) **“Final Completion”** means,
 - (i) in respect of a Unit Facility, the point in time when all punchlist items under the IPA (or any other project delivery agreement for such Unit Facility) are resolved and a certificate of final completion for such Unit Facility under the IPA (or any other project delivery agreement for such Unit Facility) is issued; and
 - (ii) in respect of the Facility, the point in time when each Unit Facility approved by ProjectCo LP for construction and commissioning and which is not the subject of a Stoppage Vote Resolution has achieved Final Completion in accordance with the preceding paragraph (i).
- (iii) **“FinanceCo LP”** means OPG Financing LP, a limited partnership existing under the laws of the Province of Ontario.
- (jjj) **“Financial Capacity Requirements”** means, with respect to a Person, that such Person:
 - (i) 
 - (ii) 
- (kkk) **“FIPPA”** means the *Freedom of Information and Protection of Privacy Act* (Ontario).

(lll) **“Fiscal Year”** means, at a given time, ProjectCo LP’s fiscal year at such time, which, as of the Effective Date, is any year ending on December 31.

(mmm) **“Force Majeure”** means any unforeseeable event or circumstance or the effects thereof which (a) could not have been reasonably avoided by, and was not caused directly by an act or omission of, the Party claiming relief, and (b) prevents such Party (or, in respect of the Project Manager, its Subcontractor or Project Manager Party) from performing all or any part of its obligations under this Agreement, including any of the following to the extent they meet the foregoing criteria:

- (i) state of emergency declared by a government, war, civil war, armed conflict, acts of terrorism, credible threat of an impending act of terrorism, the activities of the relevant Governmental Authorities in dealing with the use or threat of terrorism, acts of foreign enemies, hostilities, invasion, rebellion, revolution, insurrection, or mutiny;
- (ii) piracy, riot, disorder, civil commotion, insurrection, protest, cyber-attacks, acts of sabotage, or vandalism;
- (iii) inability to obtain required electrical power, fuel or telecommunications service;
- (iv) disruption of the means of transport or shipping as a result of land or sea blockades, marine, railway, air and other transport catastrophes and accidents;
- (v) fire, explosion or pressure waves caused by airplanes or other aircraft;
- (vi) natural disasters and natural catastrophes such as volcanic or seismic activity, landslides, mudflow, tsunami, lightning, hurricane, typhoons, tornado, cyclone, tidal wave, severe ice storm, firestorms, flood, drought, or other severe weather conditions which are beyond the level of severity that would reasonably be anticipated;
- (vii) plague, epidemic, pandemic or quarantine; and/or
- (viii) the imposition of sanctions by a foreign government or international authority, or embargo.

(nnn) **“Fuel Assembly I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.

(ooo) **“Fully Burdened Costs”** means, collectively, all costs and expenses incurred or paid by the Project Manager in connection with Project Manager Personnel performing the Services or the Project Manager’s obligations under this Agreement, including, without duplication, salaries, wages, employer-paid payroll taxes, employment and disability insurance premiums, incentive compensation, overtime entitlements, accrued or paid costs of employer-paid benefits and pensions, any other amounts payable under the terms of collective agreements

applicable to unionized employees, any applicable overhead or administrative costs incurred with respect to or in connection with the employment of the Project Manager Personnel, and any other employee costs and expenses incurred or paid by the Project Manager in connection with Project Manager Personnel, in each case without any markup for premium or profit thereon.

- (ppp) **“Generally Accepted Accounting Principles”** means generally accepted accounting principles in the United States of America in effect from time to time or such other accounting principles as may be used by ProjectCo LP from time to time applicable as at the date on which such principles are to be applied or on which any calculation or determination is required to be made in accordance with “generally accepted accounting principles”.
- (qqq) **“Governing Documents”** means, with respect to any Person: (i) if a corporation or company, its articles and any by-laws; (ii) if a partnership, the partnership agreement and any declaration or statement of partnership required to be filed with any Governmental Authority in order to form the partnership or maintain the limited liability of any partners; (iii) if a limited liability company, the articles and any organization or operating agreement; (iv) if a trust, the trust deed and/or declaration of trust; (v) if another type of Person, any charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (vi) to the extent applicable to all of such Person’s equity holders, shareholders’ or equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements and any other agreements or documents relating to the organization, management or operation of such Person or relating to the rights, duties and obligations of such Person’s equity holders; and (vii) any amendment or supplement to any of the foregoing. For clarity, the Facility Documents are not Governing Documents of ProjectCo LP or ProjectCo GP.
- (rrr) **“Government Funding”** means any investment tax credits under the Tax Act, non-reimbursable grants or non-reimbursable funding that may become available to a Person in respect of the Facility after the Effective Date from a Governmental Authority, but excluding any CE ITCs, provided, however, **“Government Funding”** shall not include any such investment tax credits under the Tax Act, non-reimbursable grants or non-reimbursable funding: (i) from the Province of Ontario (including any of its Affiliates or agencies) that may become exclusively available to any partner of ProjectCo LP Controlled by the Province of Ontario; or (ii) from the Government of Canada (including any of its Affiliates or agencies) that may become exclusively available to any partner of ProjectCo LP Controlled by the Government of Canada.
- (sss) **“Governmental Authority”** means: (i) any court, tribunal, judicial body or arbitral body or arbitrator; (ii) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government and any

governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (iii) any subdivision or authority of any of the foregoing; and (iv) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing.

- (ttt) **“Handle”** means to access, collect, use, store, communicate, disclose, or otherwise process or handle.
- (uuu) **“Hazardous Materials”** means any pollutants, toxic substances, hazardous wastes, hazardous materials, contaminants, and other substances that are defined to be, that are regulated or prohibited as, that are listed as or that because of their toxicity, concentration or quantity have characteristics which are, hazardous, radioactive, toxic or capable of producing an adverse effect under any Environmental Law.
- (vvv) **“Hedging Strategy”** has the meaning attributed thereto in Section 9.6(b).
- (www) **“HST”** means the goods and services tax and harmonized sales tax payable and imposed pursuant to Part IX of the ETA.
- (xxx) **“IESO”** means the Independent Electricity System Operator continued under the Electricity Act.
- (yyy) **“IESO-Administered Markets”** means the markets established by the IESO Market Rules and administered by the IESO for the purchase and sale of electricity and ancillary services.
- (zzz) **“IESO-Controlled Grid”** means the electricity transmission systems with respect to which, pursuant to operating agreements, the IESO has authority to direct operations (or, should the IESO cease to direct operations, the bulk electric system in Ontario).
- (aaaa) **“IESO Market Manuals”** means the documents published on the IESO’s website and titled as such, which describe procedures, standards and other requirements to be followed, met or performed by the IESO, participants in the IESO-Administered Markets and other Persons in fulfilling their respective obligations under the IESO Market Rules.
- (bbbb) **“IESO Market Rules”** means the rules, made under section 32 of the Electricity Act and published on the IESO’s website, governing the IESO-Controlled Grid and establishing and governing the IESO-Administered Markets together with all IESO Market Manuals.
- (cccc) **“IESO Payments Agreement”** means the amended and restated IESO payments collection, allocation and settlement agreement entered into by OPG and ProjectCo LP on the Effective Date.

- (dddd) **“Improvements”** has the meaning attributed thereto under the Lease Agreement.
- (eeee) **“Income Taxes”** means taxes or payments in lieu thereof based on or measured by income, profit or capital or otherwise imposed by the Tax Act, the Taxation Act, 2007 (Ontario), the Electricity Act, or any similar statute in any jurisdiction, including Ontario.
- (ffff) **“Indemnifier”** has the meaning attributed thereto in Section 12.4(a).
- (gggg) **“Indigenous Group”** means a band as that term is defined in the *Indian Act* (Canada), or a community or people that hold rights recognized and affirmed by section 35 of the *Constitution Act, 1982* (Canada) and any Person, council, government or other entity that is authorized to act on behalf of any of the foregoing.
- (hhhh) **“Indirect Losses”** means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses and charges whatsoever for or in respect of the following:
- (i) punitive, exemplary, special or aggravated damages;
 - (ii) loss of profits or revenue, loss of use, loss of production, loss of business, cost of capital, any cost of purchasing or generating replacement power or loss of business opportunity; or
 - (iii) any other consequential loss, incidental loss or indirect loss of any nature, whether arising at law or in equity, whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, and whether suffered or allegedly suffered.
- (iiii) **“Insurance Agreement”** has the meaning attributed thereto in the Lease Agreement.
- (jjjj) **“Intellectual Property”** means all intangible or intellectual property of any kind, including: (i) works of authorship, including drawings and software, (ii) industrial or utility designs, (iii) inventions, discoveries, improvements, (iv) integrated circuit topographies and mask work, and (v) trade secrets, confidential information, ideas, formulas, compositions, know-how, processes, procedures, methodologies, techniques, formulae, calculations, designs, research and development information, data, specifications, analyses, plans, maintenance information and all other technical, design, operating, construction, licensing, commissioning or decommissioning information.
- (kkkk) **“Intellectual Property Rights”** means all rights to Intellectual Property existing under: (i) copyright law, (ii) design patent or industrial design law, (iii) patent law, (iv) semi-conductor chip or mask work law, or (v) any other statutory provision or

common law principle relating to such subject matter, including trade secret laws and laws governing confidential information, including all grants and registrations worldwide in connection with the foregoing and all other rights with respect thereto existing other than pursuant to grant or registration, all applications for any such grant or registration, and all amendments, continuations, divisions and continuations-in-part of such applications, and all corrections, reissues, patents of addition, extensions and renewals of any such grant, registration or right.

(llll) **“Intermediate Level Waste”** has the meaning attributed thereto in the Lease Agreement.

(mmmm) **“IP Rights Agreement”** means the amended and restated intellectual property rights agreement entered into by OPG and ProjectCo LP on the Effective Date.

(nnnn) **“IPA”** means the integrated project agreement entered into by OPG on January 1, 2023 in respect of the Unit 1 Facility, as it has been, and as it may be further amended, modified or supplemented from time to time, including, if applicable, by a supplemental agreement in respect of the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility.

(oooo) **“Irradiated Fuel”** has the meaning attributed thereto in the Lease Agreement.

(pppp) **“Landlord”** has the meaning attributed thereto in the Lease Agreement. For clarity, all references to the Landlord are references to the Landlord in its capacity as landlord under the Lease Agreement, and not in any other capacity.

(qqqq) **“Lease Agreement”** means the amended and restated lease agreement entered into by OPG and ProjectCo LP on the Effective Date.

(rrrr) **“Leased Premises”** has the meaning attributed thereto in the Lease Agreement.

(ssss) **“Licensee”** has the meaning attributed thereto in the IP Rights Agreement.

(tttt) **“Licensor”** has the meaning attributed thereto in the IP Rights Agreement.

(uuuu) **“Local Distribution System”** means the local electricity distribution system owned and operated by the OEB-licensed electricity utility authorized to distribute electricity within the Municipality of Clarington, including to the Leased Premises.

(vvvv) **“Losses”** means Direct Losses and Indirect Losses.

(wwwv) **“Low Level Waste”** has the meaning attributed thereto in the Lease Agreement.

(xxxx) **“Material GA Correspondence”** means any correspondence from a Governmental Authority related to the Services or the Facility which has or could reasonably be expected to have a material impact on the Facility, the Services or any equity

partner of ProjectCo LP, including any such correspondence which could result in adverse reputational consequences to an equity partner of ProjectCo LP if such correspondence (or the subject matter thereof) were to be publicized, which correspondence shall not include correspondence between OPG and the Province of Ontario, acting solely in its capacity as the shareholder of OPG, and routine correspondence with the OEB, the CNSC and/or the IESO.

(yyyy) “**MOMA**” means the amended and restated management, operations, maintenance and administration services agreement entered into by OPG and ProjectCo LP on the Effective Date.

(zzzz) “**MOMA Costs**” has the meaning attributed thereto in the MOMA.

(aaaa) “**Month**” means a calendar month.

(bbbb) “**Monthly Project Manager Payment**” has the meaning attributed thereto in Section 9.1(a).

(cccc) “**NLCA**” means the *Nuclear Liability and Compensation Act* (Canada).

(dddd) “**Non-Nuclear Damage Waterfall**” has the meaning attributed thereto in Section 10.3(a).

(eeee) “**Non-Owner Parties**” has the meaning attributed thereto in the IPA.

(ffff) “**Non-Resident**” means a Person that is, at the relevant time, not resident in Canada for the purposes of the Tax Act or, in the case of a Person that is a partnership, that is not, at the relevant time, a “Canadian partnership” as defined in the Tax Act.

(gggg) “**Notice**” means notice in writing given by a Party to the other Party in accordance with the provisions of Section 19.1.

(hhhh) “**NSCA**” means the *Nuclear Safety and Control Act* (Canada).

(iiii) “**Nuclear Capability Requirements**” means, with respect to a Person, that such Person, or an Affiliate of such Person, has either:

(i)

[REDACTED]

(ii)

[REDACTED]

(jjjj) “**Nuclear Damage Waterfall**” has the meaning attributed thereto in Section 10.5(a).

- (kkkkk) “**Nuclear Fuel**” means (i) all fuel assemblies intended for use at the Facility, (ii) all precursor materials and products (including enriched uranium product, enriched and natural uranium hexafluoride, uranium dioxide and uranium concentrate) and equipment required to manufacture the fuel assemblies, including associated carry inventory or safety stock or such materials and products, and (iii) any ancillary supplies and equipment required for the transport and storage of the fuel assemblies or any such precursor materials or products.
- (lllll) “**Nuclear Incident**” has the meaning attributed thereto in Section 11.1(a)(iii).
- (mmmmm) “**Nuclear Material**” has the meaning attributed to the term “nuclear material” in the NLCA.
- (nnnnn) “**Nuclear Property Damage Insurance Policy**” means a property damage caused by nuclear peril insurance policy or any similar insurance policy that provides coverage for property damage caused by a Nuclear Incident or Release of a Nuclear Substance or a Nuclear Material.
- (ooooo) “**Nuclear Substance**” has the meaning attributed to the term “nuclear substance” in the NSCA.
- (ppppp) “**Nuclear Waste**” has the meaning attributed thereto in the Lease Agreement.
- (qqqqq) “**Nuclear Waste Management Obligations**” has the meaning attributed thereto under the Lease Agreement.
- (rrrrr) “**OEB**” means the Ontario Energy Board continued under the OEB Act.
- (sssss) “**OEB Act**” means the *Ontario Energy Board Act, 1998* (Ontario).
- (ttttt) “**Operational Readiness Costs**” means costs that would otherwise be payable to the Operator under the MOMA but which have been incurred prior to a Unit Facility being brought into Commercial Operation in order to assist with enabling readiness to operate the associated Unit Facility once it is brought into Commercial Operation, including staffing and personnel costs, costs to develop operational processes, procedures and functions and otherwise plan and prepare for the operation and maintenance of the Facility, personnel training costs and maintenance outage planning costs.
- (uuuuu) “**Operator**” has the meaning attributed thereto in the MOMA. For clarity, all references to the Operator are references to the Operator in its capacity as operator under the MOMA, and not in any other capacity.
- (vvvvv) “**OPG**” has the meaning attributed thereto in the recitals to this Agreement.
- (wwwww) “**OPG ECA**” means the equity commitment agreement entered into by OPG and ProjectCo LP on the Effective Date.

(xxxxxx) **“OPG Nuclear Fleet”** means the nuclear generating stations owned, leased or operated by OPG or an Affiliate thereof:

- (i) which have been prescribed by regulation for the purposes of section 78.1 of the OEB Act and thereby are subject to economic regulation by the OEB; or
- (ii) for which OPG or an Affiliate thereof has a power purchase agreement or similar agreement for the sale of electrical energy with the IESO,

excluding, for clarity, the Facility.

(yyyyyy) **“Original Project Management Agreement”** has the meaning attributed thereto in the recitals to this Agreement.

(zzzzz) **“Other Documentation”** means all materials and documentation that are provided to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the Shareholders and/or directors of ProjectCo GP by (i) the Operator pursuant to the terms of the MOMA, (ii) the Project Manager pursuant to the terms of this Agreement, (iii) the Agent pursuant to the terms of the IESO Payments Agreement, or (iv) the Landlord pursuant to the terms of the Lease Agreement; provided, however, that the Other Documentation shall not include any Corporate Records (other than the materials and documentation described in Section 1.1(gg)(iv), which, for clarity, shall constitute “Other Documentation” to the extent that they meet the foregoing criteria).

(aaaaaa) **“Other OPG Nuclear Facilities”** has the meaning attributed thereto in the Lease Agreement.

(bbbbbb) **“Other OPG Nuclear Sites”** has the meaning attributed thereto in the Lease Agreement.

(cccccc) **“Outage”** means any period of time during which a Unit temporarily ceases to generate any electricity.

(dddddd) **“Parties”** means ProjectCo LP and OPG and **“Party”** means any one of them.

(eeeeee) **“Partner Government Funding”** means Government Funding for which one or more partners of ProjectCo LP are eligible.

(ffffff) **“Partnership Business”** means the business of ProjectCo LP, consisting of design, development, construction, commissioning, operation, management, maintenance, improvement and repair, and carrying out other activities, including the Facility Purposes, in relation to the Facility, and to exercise any powers permitted to be exercised by general partners and/or limited partnerships in accordance with the *Limited Partnerships Act* (Ontario) that are related or incidental to the foregoing and necessary, convenient or advisable to accomplish any of the foregoing.

(ggggggg) **“Permits”** means all permissions, Consents, approvals, certificates, permits, licences (including CNSC Licences), registrations, conditions, screenings, clearances, statutory agreements and similar authorizations required by Applicable Laws, including any development permits, building permits, zoning approvals, and any other planning or development permit needed, in each case, to perform the Services or otherwise to comply with a Party’s obligations under this Agreement.

(hhhhhhh) **“Permitted Project Manager Transfer”** has the meaning attributed thereto in Section 15.1(a).

(iiiiiii) **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, limited liability company, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or entity however designated or constituted.

(jjjjjjj) **“Personal Information”** has the meaning attributed thereto in Section 18.5(a).

(kkkkkkk) **“Prime Rate”** means the rate of interest per annum quoted by Royal Bank of Canada from time to time as its reference rate for Canadian dollar demand loans made to its commercial customers in Canada and which it refers to as its “prime rate”, as such rate may be changed by it from time to time.

(lllllll) **“Privacy Laws”** has the meaning attributed thereto in Section 18.5(b).

(mmmmmmm) **“Private Equity Fund”** means a pooled investment fund, or other vehicle, whether open ended or closed ended, established by a sponsor or investment manager, that (i) has raised capital from a multitude of Third Party investors with a reasonable expectation of investing such capital in accordance with a predefined investment strategy or objective for the benefit of those Third Party investors and (ii) was not formed for the exclusive or near-exclusive purpose of investing in ProjectCo LP or otherwise evading, avoiding, or circumventing the transfer restrictions set forth in the Governing Documents of ProjectCo LP and ProjectCo GP. For purposes of this definition, a pooled investment fund will have a “multitude of Third Party investors” only if no single Person, together with such Person’s Affiliates, holds more than 30% of the fund’s aggregate economic interests (including all feeder funds, parallel funds or other vehicles managed by the same sponsor or investment manager for the same strategy).

(nnnnnnn) **“Proceeding”** means an action, demand, suit, arbitration, complaint, grievance, claim, litigation, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure, investigation, audit or inquiry by or before any Governmental Authority or similar body, or any similar matter or proceeding.

(ooooooo) **“Project Agreement Insurance”** has the meaning attributed thereto in Section 10.1(a).

(pppppp) “**Project Agreements**” means, collectively, the IPA and the agreements described in Section 3.1(a)(i), and “**Project Agreement**” means any one of them.

(qqqqqq) “**Project Costs**” has the meaning attributed thereto in Section 8.1.

(rrrrrr) “**Project CPI**” means the Province of Ontario Gross Domestic Product Implicit Price Index for final domestic demand (GDP-IPI-FDD) established by Statistics Canada or any successor to such index.

(ssssss) “**Project CPI Adjustment Factor**” means, at the relevant time, the quotient obtained by dividing (i) the Project CPI for the month immediately preceding the month within which such time occurs by (ii) the Project CPI for the month of January, 2026.

(tttttt) “**Project Financing**” means an actual, proposed or prospective (as the context requires) project debt financing with recourse limited to the assets and property of ProjectCo LP and ProjectCo GP, as well as a pledge of the shares in ProjectCo GP of the Shareholders and/or the equity partner units of the ProjectCo LP partners and/or assignments of certain agreements related to the Facility, and any other arrangements, in each case to the extent required by project finance lenders under a project financing.

(uuuuuu) “**Project IP License**” has the meaning attributed thereto in the IP Rights Agreement.

(vvvvvv) “**Project Manager**” means OPG acting in its capacity as project manager under this Agreement and not in any other capacity, without derogating from the Project Manager’s obligations hereunder.

(wwwwww) “**Project Manager Costs**” means all Project Costs incurred or accrued by the Project Manager in its own capacity (including, for clarity, any payments to any of Project Manager’s Subcontractors).

(xxxxxx) “**Project Manager Deductible**” has the meaning attributed thereto in Section 11.1(a)(v).

(yyyyyy) “**Project Manager Indemnatee**” has the meaning attributed thereto in Section 12.1.

(zzzzzz) “**Project Manager Party**” means any of the Project Manager’s agents, Representatives, Subcontractors, but excluding ProjectCo GP and ProjectCo LP, and “**Project Manager Parties**” will be construed accordingly. For clarity:

- (i) any Person with whom the Project Manager enters into a Contract as agent and/or nominee of ProjectCo LP, or with whom the Project Manager enters into a Contract in the name of ProjectCo LP as its true and lawful attorney in fact, will be ProjectCo LP’s counterparty and not a “**Project Manager Party**” for any purpose under this Agreement;

- (ii) where the Project Manager enters into a Contract both (A) in its capacity as agent and/or nominee or ProjectCo LP or as ProjectCo LP's true and lawful attorney in fact, and (B) in its own capacity, then any Person with whom the Project Manager enters into such Contract will not be considered a **"Project Manager Party"** for any purpose under this Agreement; and
- (iii) none of the Non-Owner Parties will be considered a **"Project Manager Party"** for any purpose under this Agreement.
- (aaaaaaa) **"Project Manager Personnel"** means any individual employed or engaged by or seconded to, the Project Manager, including any consultants, agents, personnel, staff, augmented staff, labour and other directors, officers and employees of the Project Manager.
- (bbbbbbb) **"Project Manager Reimbursement"** has the meaning attributed thereto in Section 9.1(b).
- (ccccccc) **"Project Manager Related Party Claim"** has the meaning attributed thereto in Section 5.3(f).
- (ddddddd) **"Project Manager Transfer"** has the meaning attributed thereto in Section 15.1(a).
- (eeeeeee) **"ProjectCo GP"** means DNNP GP Inc., a corporation existing under the laws of the Province of Ontario and the sole managing general partner of ProjectCo LP.
- (ffffff) **"ProjectCo LP Costs"** means all Project Costs incurred or paid (i) by the Project Manager, acting in its capacity as agent and nominee for ProjectCo LP, or (ii) by ProjectCo LP, which, for clarity, in each case do not include Project Manager Costs.
- (ggggggg) **"ProjectCo LP Government Funding"** means Government Funding for which ProjectCo LP is eligible.
- (hhhhhhh) **"ProjectCo LP Indemnitee"** has the meaning attributed thereto in Section 12.2.
- (iiiiiii) **"ProjectCo LP Revenue"** has the meaning attributed thereto in the IESO Payments Agreement.
- (jjjjjjj) **"ProjectCo LP Transfer"** has the meaning attributed thereto in Section 15.3(a).
- (kkkkkkk) **"Property Licence"** has the meaning attributed thereto in Section 6.1(a).
- (lllllll) **"Proposed Annual Project Budget"** has the meaning attributed thereto in Section 5.7(a).

(mmmmmmm) **“Prudent Industry Practices”** means the practices, methods and activities:

- (i) that have been generally accepted in the North American nuclear power industry as prudent practices applicable to the development, design, licencing, construction and/or commissioning of nuclear generating facilities; and
- (ii) which, in the exercise of skill, diligence, prudence, foresight and reasonable judgment by a prudent Person engaged in similar practices, methods or activities, in light of the facts known or which ought to have been known by such prudent Person at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with safety, good business practices, reliability, expedition and Applicable Laws.

Prudent Industry Practices are not intended to be limited to the optimal practices, methods or activities to the exclusion of all others, but rather are intended to be practices, methods or activities that qualify under paragraphs (i) and (ii), above.

(nnnnnnn) **“Qualified Successor Project Manager”** means a Person that:

- (i) holds all of the Permits required as at the time of the proposed Project Manager Transfer to perform and discharge all of the obligations of (A) the Project Manager under this Agreement, (B) the Operator under the MOMA, (C) the Agent under the IESO Payments Agreement (if in force at the relevant time), and (D) if the Lease Agreement is being transferred to such Person, the Landlord under the Lease Agreement;
- (ii) will have, as at the time of the proposed Project Manager Transfer, Intellectual Property Rights that are substantially the same as (A) the DNNP IP Rights licensed by the Licensor to the Licensee pursuant to the Project IP License in the IP Rights Agreement, and (B) the Licensor’s or the Project Manager’s Fuel Assembly I.P. and other Intellectual Property Rights relating to nuclear fuel used or to be used at the Facility for Facility Purposes (in each case, to the extent of the Licensor’s or the Project Manager’s rights or title in respect of the applicable Intellectual Property Rights);
- (iii) meets all of the Financial Capacity Requirements as at the time of the proposed Project Manager Transfer; and
- (iv) meets all of the Nuclear Capability Requirements as at the time of the proposed Project Manager Transfer.

(ooooooo) **“Quarterly Progress Report”** has the meaning attributed thereto in Section 5.6(b).

(pppppppp) **“Receiving Party”** has the meaning attributed thereto in Section 18.1(a).

(qqqqqqqq) **“Recognized Stock Exchange”** means the Toronto Stock Exchange, New York Stock Exchange, NASDAQ Market, the London Stock Exchange (in each case excluding junior exchanges associated therewith), or such other internationally recognized stock exchange of similar stature, designated by ProjectCo LP.

(rrrrrrrr) **“Recovery Amount”** has the meaning attributed thereto in Section 12.4(i).

(sssssss) **“Related Party”** means, in respect of a Person, any Affiliate of such Person.

(ttttttt) **“Related Party Claim”** has the meaning attributed thereto in Section 3.1(a)(vi).

(uuuuuuuu) **“Related Party Contract”** means a Contract in respect of the Services by or between ProjectCo GP, ProjectCo LP, the Project Manager (as agent and/or nominee of ProjectCo LP) and/or a Subsidiary thereof, on the one hand, and the Project Manager (other than in its capacity as agent and/or nominee of ProjectCo LP) and/or a Related Party of the Project Manager, on the other. For clarity, if (i) both (A) the Project Manager (other than in its capacity as agent and/or nominee of ProjectCo LP), and (B) ProjectCo GP, ProjectCo LP or the Project Manager (as agent and/or nominee of ProjectCo LP), are parties to a Contract, and (ii) one or more Persons other than a Related Party of the Project Manager are party to that Contract, that Contract will not be a “Related Party Contract” for purposes of this Agreement.

(vvvvvvvv) **“Release”** means any discharge, spill, release, escape, emission, leak, deposit, dispersion, dumping, seeping, abandoning, placing, introduction or migration into the Environment of any Hazardous Materials, Nuclear Materials or Nuclear Substances.

(wwwwwww) **“Representatives”** means, with respect to any Person, that Person’s Affiliates, and each of its and its Affiliates’ directors, officers, managers, employees, personnel, secondees, augmented staff, agents, contractors, Subcontractors, consultants, financial advisors, counsel, accountants and other advisors. Except for the purposes of Section 1.9, Section 4.3(b), Article 12, Section 13.1, Article 18, Section 20.2, Section 20.4 and Section 20.8 (in each case, for clarity, where this sentence shall not apply), all references to the Representatives of a Person are references to such Representatives when they are acting in their capacity as Representatives of such Person, and not in any other capacity, including, for clarity, while the Project Manager is the same Person as the Operator, the Licensor, the Landlord or the Agent, all references to Representatives of the Project Manager are references to such Representatives when they are acting in their capacity as Representatives of such Person as Project Manager, and not in their capacity as Representatives of such Person as the Operator, the Licensor, the Landlord or the Agent, respectively.

(xxxxxxx) **“Restricted Action”** has the meaning attributed thereto in Section 3.2(a).

(yyyyyyyy) “**Sales Taxes**” means all HST, sales, value-added or similar taxes or other transfer taxes, fees and charges imposed or levied by any Governmental Authority on or in respect of the sale or supply of goods or services.

(zzzzzzzz) “**Schedules**” has the meaning attributed thereto in Section 1.3.

(aaaaaaaa) “**Services**” means the project management services to develop, design, construct and commission the Facility and bring the Facility into Commercial Operation, including as further set out in Schedule A and this Agreement, and any such other services as reasonably required or ancillary with respect to the foregoing.

(bbbbbbbbb) “**Shared Nuclear Property Damage Insurance Policy**” has the meaning attributed thereto in Section 10.2(a)(iii).

(cccccccc) “**Shared Nuclear Property Damage Premium Ratable Portion**” means, unless the Parties agree otherwise:

- (i) in respect of ProjectCo LP, during the period ending on December 31, 2031, an amount equal to 0.25, and thereafter, a fraction calculated as follows:

$$\frac{(A - B)}{A}$$

and,

- (ii) in respect of OPG, during the period ending on December 31, 2031, an amount equal to 0.75, and thereafter, a fraction calculated as follows:

$$1 - \frac{(A - B)}{A}$$

in each case, *where*:

A equals the final quote provided to the Operator by the nuclear property insurers (or their representative) for the premium for a Shared Nuclear Property Damage Insurance Policy for the Facility, the Leased Premises, the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites; and

B equals the final quote provided to the Operator by the nuclear property insurers (or their representative) for the premium for a Nuclear Property Damage Insurance Policy for the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites, which policy will be assessed on the same terms as *A* above (insofar as possible) but for the inclusion of the Facility and the Leased Premises.

Following December 31, 2031, the Shared Nuclear Property Damage Premium Ratable Portion will be determined by the Operator, acting reasonably and in good faith, at such time that a Shared Nuclear Property Damage Insurance Policy is

obtained, following which it will be updated by the Operator at such time that the relevant insurer(s) provide quotes on which to determine the above ratable portions (which the Operator will obtain from time to time in accordance with the MOMA). Notwithstanding the Shared Nuclear Property Damage Premium Ratable Portion in respect of each Party set forth above, ProjectCo LP's Shared Nuclear Property Damage Premium Ratable Portion will be deemed equal to zero and OPG's Shared Nuclear Property Damage Premium Ratable Portion will be deemed equal to one prior to such time that the Shared Nuclear Property Damage Insurance Policy provides coverage for the Facility and the Leased Premises and, provided further that, if the Shared Nuclear Property Damage Insurance Policy provides coverage only for a partial period, then each Party's Shared Nuclear Property Damage Premium Ratable Portion will be adjusted pro rata temporis for such period that each Party receives coverage.

(ddddd) **“Shared Nuclear Property Damage Proceeds Ratable Portion”** means, in respect of ProjectCo LP, a fraction calculated as follows:

$$\frac{A}{A + B}$$

and, in respect of OPG, a fraction calculated as follows:

$$\frac{B}{A + B}$$

where:

A equals the assessed Losses at the Facility and the Leased Premises as a result of an insurable event or events covered by the Shared Nuclear Property Damage Insurance Policy (where such Losses shall have been assessed by the insurers or their representative in accordance with the relevant policy); and

B equals the assessed Losses at the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites as a result of an insurable event or events covered by the Shared Nuclear Property Damage Insurance Policy (where such Losses shall have been assessed by the insurers or their representative in accordance with the relevant policy).

The Shared Nuclear Property Damage Proceeds Ratable Portion will be determined by the Operator pursuant to the MOMA at such time that all such assessed Losses for the Facility, the Leased Premises, the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites in respect of a policy and the relevant policy coverage period have been finally determined.

(eeeeeee) **“Shareholders”** means the shareholders of ProjectCo GP.

(ffffff) **“Site”** has the meaning attributed thereto in the Lease Agreement.

(ggggggggg) “**Software**” means all versions of computer programs, including all related source code and object code, procedures, rules, modules, scripts, routines, sub-routines, databases, data and files, field and data definitions and relationships, data definition specifications, data models, system logic, algorithms, program architecture, design concepts, system designs and report layouts, documentation, manuals, together with bug fixes, error-correction releases, updates, upgrades, enhancements, modifications, changes, new versions and replacements thereof.

(hhhhhhhhh) “**Stoppage Vote Resolution**” means a resolution of the Shareholders, the content of which being a proposal to permanently cease the development, construction and commissioning of the Facility (or one or more of the Unit Facilities comprising the Facility).

(iiiiiii) “**Stopped Unit Facility**” or “**Stopped Unit Facilities**” means (i) the Unit Facility or Unit Facilities, as applicable, to which a Stoppage Vote Resolution that has passed relates, and (ii) for clarity, where a Stoppage Vote Resolution that has passed relates to the Facility, all Unit Facilities that had then been approved by ProjectCo LP for construction and commissioning.

(jjjjjjjjj) “**Subcontract**” means any contract entered into by or between a Party and any Subcontractor or between any Subcontractor at any tier and any other Subcontractor at any tier in relation to any aspect of a Party’s obligations under this Agreement.

(kkkkkkkkk) “**Subcontractor**” means, in respect of a Party, a Person engaged by such Party or any Subcontractor at any tier of such Party to perform such Party’s obligations under this Agreement, including any consultants, representatives and agents of such Party or a Subcontractor of such Party.

(lllllllll) “**Subsidiary**” means, with respect to any Person, any other Person that is directly or indirectly Controlled by such Person.

(mmmmmmmmm) “**Tangible Net Worth**” means the aggregate value of all assets of a Person after eliminating from the calculation intangible assets (including all assets classified as intellectual property, goodwill or licences on the balance sheet of such Person) and future income tax benefits, less the aggregate of all liabilities of such Person, provided that, for clarity, assets of a Person shall include the amount of any guarantee, equity or funding commitment or other credit support in respect of such Person that is delivered or provided by an Affiliate of such Person or a third party Person on terms acceptable to the Parties, acting reasonably.

(nnnnnnnnn) “**Tax Act**” means the *Income Tax Act* (Canada).

(ooooooooo) “**Taxes**” means (i) any and all taxes, levies, imposts, duties, fees, withholdings, assessments, premiums, deductions or charges whatsoever, whether directly or indirectly imposed assessed, levied or collected by any Governmental Authority, together with interest thereon and penalties with respect thereto, including taxes or payments in lieu thereof imposed by the Tax Act, the Electricity Act or any similar statute in any jurisdiction, including Ontario, and (ii) any liability

for the payment of amounts with respect to payment of a type described in item (i), including as a result of succeeding to such liability as a result of merger, conversion or asset transfer or as a result of any obligation under any tax sharing arrangement or tax indemnity agreement.

(pppppppp) **“Term”** has the meaning attributed thereto in Section 14.1(a).

(qqqqqqqq) **“Third Party”** means any Person other than a Party or an Affiliate of a Party.

(rrrrrrrr) **“Third Party Claim”** means, in respect of a Party, a Claim by any Person against that Party other than: (i) a Claim by an Affiliate of that Party, (ii) a Claim by another Party, or (iii) a Claim by any Person who owns or holds, directly or indirectly, a direct or indirect legal or beneficial interest in any Equity Interests in that Party and such Claim is made in that Person’s capacity as an owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in that Party.

(ssssssss) **“Transfer”** means any sale, assignment, transfer or other disposition by a Party of this Agreement or any of its interests in this Agreement, including any sale, assignment, transfer or other disposition of this Agreement or interests in this Agreement made by way of receivership or seizure by legal process or by operation of law; provided that, and notwithstanding the foregoing, for clarity, a direct or indirect change in the ownership of Equity Interests in such Party or any Person that directly or indirectly holds Equity Interests in such Party, including where such change results in a change of Control of such Party, is not a “Transfer”.

(tttttttt) **“Transmission Company”** means Hydro One Networks Inc.

(uuuuuuuu) **“Transmission System Code”** means the code in respect of the transmission system established and approved by the OEB and in effect from time to time.

(vvvvvvvv) **“Unit 1”** means the first approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, being developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology. For clarity, the associated electrical generating and other infrastructure referenced in this definition of “Unit 1” includes infrastructure that will be common to all nuclear electrical generating units forming part of the Facility.

(wwwwwww) **“Unit 1 Facility”** means:

- (i) Unit 1;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development,

construction, commissioning, operation and/or maintenance of Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 1 Facility; and

- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 1 Facility.

(xxxxxxx) “**Unit 2**” means the second approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(yyyyyyyy) “**Unit 2 Facility**” means:

- (i) Unit 2;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 2 Facility; and

(zzzzzzzz) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 2 Facility.

(aaaaaaaa) “**Unit 3**” means the third approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(bbbbbbbbb) “**Unit 3 Facility**” means:

- (i) Unit 3;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 3 and/or one or more additional nuclear electrical generating units forming

part of the Facility, where determined by ProjectCo LP to be part of the Unit 3 Facility; and

- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 3 Facility.

(ccccccccc) “**Unit 4**” means the fourth approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(ddddddddd) “**Unit 4 Facility**” means:

- (i) Unit 4;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 4 Facility; and
- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 4 Facility.

(eeeeeeeee) “**Unit Facilities**” means the Unit 1 Facility, the Unit 2 Facility, the Unit 3 Facility and the Unit 4 Facility, as applicable, and “**Unit Facility**” means any one of them.

(fffffffff) “**Units**” means, collectively, Unit 1, Unit 2, Unit 3 and Unit 4, and “**Unit**” means any one of them.

(ggggggggg) “**WANO**” means the World Association of Nuclear Operators.

(hhhhhhhhh) “**Wholly-Owned Affiliate**” means, with respect to any Person (the “**First Person**”), any other Person (i) that is a Wholly-Owned Subsidiary of the First Person; (ii) of which the First Person is a Wholly-Owned Subsidiary; or (iii) that is a Wholly-Owned Subsidiary of another Person (the “**Third Person**”) and the First Person is also a Wholly-Owned Subsidiary of the Third Person; provided that, and notwithstanding the foregoing, the provisos set out in Section 1.1(b)(i), Section 1.1(b)(ii) and Section 1.1(b)(iii) shall apply to the foregoing definition *mutatis mutandis*.

(iiiiiii) **“Wholly-Owned Subsidiary”** of a Person means another Person in which Equity Interests representing 100% of the equity and 100% of the voting power are, at the time any determination is being made, owned by such first Person (including indirectly through more than one other Persons, where Equity Interests in each of such Persons representing 100% of the equity and 100% of the voting power are, at the time such determination is being made, owned by such first Person). For clarity, any Wholly-Owned Subsidiary of a Person that is itself a Wholly-Owned Subsidiary of another Person is a Wholly-Owned Subsidiary of that second mentioned Person and so on.

(jjjjjjj) **“Wind-down Work”** means all of the activities required by Applicable Laws to permanently wind-down a Stopped Unit Facility, including all required demobilization, dismantlement, demolition, remediation and other work associated therewith (but excluding any such activities involving Nuclear Fuel or Nuclear Waste, if any, in respect of such Stopped Unit Facility) following the passage of a Stoppage Vote Resolution in respect of such Stopped Unit Facility.

1.2 Amendment and Restatement

Effective as of the Effective Date, pursuant to section 20.5 of the Original Project Management Agreement, the Original Project Management Agreement shall be and is hereby amended and restated in its entirety with this Agreement, provided that, for clarity, the rights or obligations of any Party which have accrued prior to the Effective Date shall be unaffected by the execution of this Agreement. The Parties hereby agree that this Agreement and the transactions contemplated hereby do not constitute a novation, rescission or termination of any of the rights or obligations of the Parties under the Original Project Management Agreement.

1.3 Schedules

The following schedules (the **“Schedules”**) are attached hereto and form a part of this Agreement:

- Schedule A – Services
- Schedule B – Insurance Requirements
- Schedule C – Dispute Resolution Procedure
- Schedule D – Restricted Actions

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Gender, Number and Grammatical Changes

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

1.6 Currency

All amounts in this Agreement are stated and shall be paid in Canadian currency, unless otherwise specified.

1.7 Statutes

Any reference in this Agreement to a statute or to a regulation or rule promulgated under a statute or to any provision of a statute, regulation or rule will be a reference to the statute, regulation, rule or provision, as amended, re-enacted or replaced from time to time.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement. To the extent permitted by Applicable Laws, the Parties waive any provision of Applicable Laws which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall endeavour in good faith to agree to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.9 Preparation of Agreement

The terms and conditions of this Agreement are the result of negotiations between the Parties and the Parties agree that this Agreement will not be construed in favour of or against any Party by reason of the extent that any Party or any of its Representatives participated in the preparation of this Agreement.

1.10 Accounting Terms

Except as otherwise noted, all terms of an accounting or financial nature used in this Agreement, if any, shall be interpreted and applied in accordance with Generally Accepted Accounting Principles.

1.11 Miscellaneous

- (a) References containing terms such as “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, shall be deemed to not be limited by the specific enumeration of items but shall, in all cases, be

deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.

- (b) Whenever the terms “will” or “shall” are used in this Agreement they shall be construed and interpreted as synonymous and to read “shall”.
- (c) The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or thing extends and shall not simply mean “if”.
- (d) The phrase “finally determined” shall mean, in respect of a matter, that such matter has been finally determined or decided by a court or tribunal of competent jurisdiction and (i) no appeal or review of such determination or decision has timely been sought if capable of being sought or (ii) any and all rights of appeal or review properly exercised have otherwise been exhausted.
- (e) References to any Person, including a Party, include the permitted successors and permitted assigns of that Person, provided that, for clarity, with respect to a Party, such successor or assign is specifically permitted pursuant to this Agreement.
- (f) The words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement unless expressly so limited.
- (g) References to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to, this Agreement unless otherwise specified.
- (h) Where this Agreement states that an obligation shall be performed “no later than” or “within” or “by” a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (i) Where this Agreement states that an obligation shall be performed “on” a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (j) Unless the context otherwise requires, all references to “days” means calendar days.
- (k) References to from or through any date mean, unless otherwise specified, from and including or through and including, respectively.
- (l) Unless otherwise specified, any reference to time of day or date means the local time or date in Toronto, Ontario.
- (m) References to any standard, principle, Contract or document include a reference to that standard, principle, Contract or document as amended, supplemented, restated, substituted, replaced, novated or assigned from time to time.

ARTICLE 2 APPOINTMENT

2.1 Appointment of the Project Manager

- (a) ProjectCo LP hereby irrevocably and exclusively appoints the Project Manager as “project manager” for the duration of the Term to:
 - (i) provide the Services; and
 - (ii) enter into (or continue to be party to), or amend or terminate any Project Agreements (A) as agent and nominee of ProjectCo LP, or (B) in the name of and on behalf of ProjectCo LP pursuant to Section 2.1(b),

on the terms and conditions set forth in this Agreement. The Project Manager will provide the Services in accordance with this Agreement and have complete authority over the care, custody and control of the Leased Premises and the Facility, subject to Section 3.2.
- (b) ProjectCo LP hereby appoints the Project Manager as its true and lawful attorney in fact for the duration of the Term and grants to the Project Manager, acting as its agent and nominee, the full power and authority to bind ProjectCo LP, to the extent permitted by, and at all times subject to and in compliance with, this Agreement. It is expressly intended and understood by ProjectCo LP that the grant of the power of attorney contemplated by this Section 2.1(b) is coupled with an interest and is irrevocable for the duration of the Term.
- (c) During the Term, ProjectCo LP agrees that the Project Manager has been appointed on an exclusive basis to perform the Services and ProjectCo LP will not be entitled to:
 - (i) perform, or retain any other Person to perform, any of the Services (other than services to be performed under the other Facility Documents and other than services to be provided pursuant to a Contract entered into by the Project Manager as agent and nominee of ProjectCo LP or with whom the Project Manager enters into a Contract in the name of ProjectCo LP as its true and lawful attorney in fact);
 - (ii) enter into, amend or terminate (other than this Agreement or any other Facility Document) any Contracts in respect of the provision of the Services (other than services to be performed under the other Facility Documents and other than services to be provided pursuant to a Contract entered into by the Project Manager as agent and nominee of ProjectCo LP or with whom the Project Manager enters into a Contract in the name of ProjectCo LP as its true and lawful attorney in fact);
 - (iii) revoke the appointment of the Project Manager as “project manager” or the mandate of the Project Manager as “project manager”; or

- (iv) revoke the appointment of the Project Manager as its true and lawful attorney in fact in accordance with Section 2.1(b).

2.2 Acceptance of Appointment

The Project Manager hereby accepts the appointment provided for in Section 2.1 and agrees to act in such capacity and to provide or cause to be provided the Services to ProjectCo LP on the terms and conditions set forth in this Agreement.

2.3 Notification to Third Parties and Documentation of Authority

ProjectCo LP will notify Third Parties and will furnish the Project Manager with such specific powers of attorney, directions, certificates of authority, notices and such other evidence of authority, as requested by the Project Manager, to document the Project Manager's authority under this Agreement for the provision of the Services.

ARTICLE 3 POWERS AND AUTHORITY OF THE PROJECT MANAGER

3.1 Powers and Authority of the Project Manager

- (a) Without limiting the generality of Section 2.1(a) and subject to Section 3.2, the Project Manager will have authority, during the Term, to provide the Services, including, to the extent related to the provision of the Services, to:
 - (i) negotiate, execute and deliver on behalf of ProjectCo LP (either as agent and nominee of ProjectCo LP or in the name of ProjectCo LP), or in the Project Manager's own capacity, any Contract (other than the Facility Documents and the OPG ECA), document or other instrument, and amend, extend or terminate the same, on terms considered reasonable to the Project Manager as necessary or desirable to perform the Services, provided that such Contracts are consistent with the terms and conditions of this Agreement and the authority delegated to the Project Manager hereunder;
 - (ii) administer and manage all Project Agreements;
 - (iii) retain or engage, on behalf of ProjectCo LP or as agent and nominee of ProjectCo LP, pursuant to the Project Agreements, goods and services providers, contractors, and technical, legal, accounting, regulatory and other advisors under the Project Manager's supervision;
 - (iv) incur any cost or expense and authorize and process payments on behalf of ProjectCo LP in connection with the performance of the Services, including all amounts payable to the Project Manager under this Agreement that are not being disputed by ProjectCo LP in accordance with Section 9.3(a);

- (v) make all applications and filings with Governmental Authorities required to be made on behalf of ProjectCo GP and ProjectCo LP, as determined by the Project Manager;
- (vi) manage the conduct of all Claims in connection with the Leased Premises, the Facility and/or any Unit Facility, as applicable, or the Services or any Permits, other than:
 - (A) a Project Manager Related Party Claim; or
 - (B) any Claim or Proceeding brought by: (1) ProjectCo LP against the Project Manager, or by the Project Manager against ProjectCo LP, in respect of this Agreement; (2) ProjectCo LP against the Operator, or by the Operator against ProjectCo LP, in respect of the MOMA; (3) ProjectCo LP against the Landlord, or by the Landlord against ProjectCo LP, in respect of the Lease Agreement (so long as the Landlord and the Project Manager are the same Person or Affiliates); (4) ProjectCo LP against the Agent, or by the Agent against ProjectCo LP, in respect of the IESO Payments Agreement; (5) ProjectCo LP against the Licensor, or by the Licensor against ProjectCo LP, in respect of the IP Rights Agreement (so long as the Project Manager and the Licensor are the same Person or Affiliates); or (6) ProjectCo LP against OPG, or by OPG against ProjectCo LP, in respect of the OPG ECA,

(collectively, all such Claims and Proceedings being “**Related Party Claims**”); and
- (vii) give any consent, waiver or instruction under any Project Agreement.
- (b) For clarity, and subject to Section 3.2, the Project Manager will have the authority, during the Term, to take, or refrain from taking, any action related to the Services, whether or not set forth in Section 3.1(a), above, to the extent consistent with the Conditions of Performance and its other obligations under this Agreement.
- (c) ProjectCo LP will cause such resolutions to be passed and documents to be executed and delivered, and to do all things reasonably necessary, to grant the Project Manager the authority contemplated under this Section 3.1.

3.2 Limitation on Power and Authority

- (a) Notwithstanding anything to the contrary in this Agreement (other than Section 3.2(b) and Section 3.3), the Project Manager will, prior to the taking of any action (including the incurrence of any costs or expenses associated therewith) set forth on Schedule D (each, a “**Restricted Action**”), provide ProjectCo LP with a Notice requesting ProjectCo LP’s approval of such action. As soon as practicable following receipt of a Notice contemplated by the preceding sentence, ProjectCo LP will consider the Restricted Action described therein and will promptly inform

the Project Manager as to whether the proposed taking of such Restricted Action is approved. Subject to Section 3.2(b) and Section 3.3, the Project Manager will not take a Restricted Action unless and until such Restricted Action has been approved by ProjectCo LP and, if approved, the Project Manager will implement such Restricted Action subject to and in accordance with the decision approving such Restricted Action. For clarity: (i) the Project Manager will not be entitled to implement or otherwise be involved in (A) a Related Party Claim for or on behalf of ProjectCo LP or (B) the exercise of any rights set forth in Exhibit D-1 to Schedule D; and (ii) no Project Manager Indemnatee will have any liability whatsoever for any Losses incurred by ProjectCo LP as a result of ProjectCo LP declining to approve a proposed Restricted Action.

- (b) Notwithstanding the foregoing Section 3.2(a), the Project Manager will be permitted to take any action (including the incurrence of any cost or expense and including a Restricted Action) without ProjectCo LP approval to the extent required to respond to or mitigate any Emergency Event for the duration thereof, provided such actions are taken in accordance with the Conditions of Performance and the Project Manager notifies ProjectCo LP as soon as practicable following the discovery of such Emergency Event, but no later than 72 hours following such discovery. Such initial notice shall be in writing and shall inform ProjectCo LP of the existence or occurrence of the Emergency Event including a summary description thereof and any mitigating and/or corrective actions being undertaken by the Project Manager. Promptly following such time that the Project Manager has resolved the Emergency Event, and in any event no later than five Business Days following such resolution, the Project Manager will provide a further notice to ProjectCo LP providing full particulars of the Emergency Event and the mitigating and/or corrective actions taken to respond to such Emergency Event, as known. As soon as reasonably practicable following the resolution of the Emergency Event, the Project Manager will provide a notice to ProjectCo LP providing details in respect of the estimated Project Costs incurred to respond to such Emergency Event. For clarity, any actions taken or costs incurred by the Project Manager outside of the period of time during which the Emergency Event continues to occur shall be taken or incurred in accordance with Section 3.2(a), to the extent applicable.

3.3 CNSC Licences and Applicable Laws

- (a) The Project Manager will hold the CNSC Licences and will manage all Proceedings and communications in respect thereof, including any CNSC Licences to develop, design, construct and commission the Facility or any Unit Facility.
- (b) The Parties acknowledge and agree that the delegation of authority set forth under this Agreement is required of ProjectCo LP as the Project Manager will hold all CNSC Licences. The Project Manager will be responsible for obtaining and maintaining all CNSC Licences in respect of the Facility.

- (c) Notwithstanding anything in this Agreement (including Section 3.2 and any of the Restricted Actions), the Project Manager will have full authority and discretion to act, or refrain from acting, as required to comply with Applicable Laws, including any CNSC Licence, as the case may be, for the Facility or any part thereof and the costs and expenses incurred by the Project Manager in connection therewith will constitute Project Costs and will be paid or reimbursed to the Project Manager in accordance with the provisions of this Agreement.
- (d) ProjectCo LP hereby authorizes the Project Manager to utilize and employ its corporate governance procedures and nuclear management systems (as such procedures and management systems may change from time to time in the discretion of the Project Manager or at the direction of the CNSC) to the extent applicable to the Facility, the Services or the Leased Premises in order to provide the Services in accordance with this Agreement and ProjectCo LP acknowledges and agrees that the Project Manager, as the CNSC licensee, will have unfettered care, custody and control of the Leased Premises required to ensure the health, safety, and security of individuals and the Environment, in accordance with the Conditions of Performance and any CNSC Licences.
- (e) ProjectCo LP acknowledges and agrees that the Project Manager will, during the Term, have full authority and responsibility to:
 - (i) establish and control the use and occupation of any exclusion zone required by Applicable Laws or any CNSC Licence;
 - (ii) implement, maintain and modify its nuclear management system; and
 - (iii) implement, maintain and modify all programs required under any CNSC Licence, including programs with respect to public information and disclosure, human performance, training, fitness for service, conduct of licenced activities, reporting, construction and commissioning, safety analysis, design, pressure boundary, equipment and structure qualification, radiation protection, conventional health and safety, environmental protection, emergency preparedness, fire protection, waste management, packaging and transport of Nuclear Substances, security, safeguards, environmental assessment follow-up, and Indigenous Groups and communities engagement.
- (f) As between the Project Manager and ProjectCo LP, the Project Manager will:
 - (i) retain full responsibility over Indigenous Groups and communities engagement activities related to the Facility, the Leased Premises and the Services throughout the Term; and
 - (ii) continue to fulfill all obligations of ProjectCo LP under Applicable Laws regarding engagement with Indigenous Groups and communities related to the Facility, in accordance with the requirements of the CNSC Licences, all applicable Permits and Applicable Laws,

subject in the case of this Section 3.3(f), to Section 3.2 with respect to the Restricted Actions.

3.4 Control of Services

Subject to Section 3.2, the Project Manager has and hereby retains the right to exercise full discretion, control, management and supervision of the Services and full control over the employment, direction, compensation and discharge of all Persons engaged by it in the performance of its obligations under this Agreement.

3.5 Binding on ProjectCo LP

ProjectCo LP will be bound by and perform, observe and carry out, as necessary, all actions, obligations and restrictions undertaken or agreed to by the Project Manager, in compliance with this Agreement, pursuant to the authority granted to the Project Manager under this Agreement for the provision of the Services.

ARTICLE 4 GENERAL ROLE

4.1 No Partnership

Nothing contained in this Agreement will be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability, or a landlord and tenant or fiduciary relationship on or with regard to any Party. Except as expressly provided herein, each Party will be solely liable for its own obligations under this Agreement.

4.2 Independent Contractor

The Project Manager will at all times be deemed an independent contractor and none of its employees will be considered employees of ProjectCo LP by operation of this Agreement.

4.3 ProjectCo LP's Acknowledgement of Other Business Interests

- (a) Without derogating from the Project Manager's obligations under this Agreement, ProjectCo LP acknowledges that OPG and its Affiliates:
 - (i) without limiting Sections 4.4 and 5.3, will not, and are not required to, exclusively devote their personnel and resources for the benefit of the Facility or the Services; and
 - (ii) are or, subject to Applicable Laws, may become engaged, directly or indirectly, in a variety of other business interests which include the ownership, financing, development, construction, operation, maintenance and management of electricity generating stations.
- (b) Each Party acknowledges and agrees that the other Party, its shareholders, partners and its and their Representatives may have other business interests, even though

such business interests may be similar to or competitive with those of ProjectCo LP.

4.4 Non-Discrimination

- (a) Without limiting the other obligations contained in this Agreement, but subject to Section 4.4(c), to the extent that services comparable to a Service provided by the Project Manager are also used internally by OPG or provided by OPG to its Affiliates or a Third Party (including as it relates to managing Outages or electricity generation), the Project Manager will provide such Service to ProjectCo LP in a fair and reasonable and non-discriminatory manner and will not give undue preference or priority to OPG, its Affiliates or such Third Party, as applicable, including any of the other facilities in the Combined Nuclear Fleet. For clarity, the Project Manager will not provide Services to, or withhold Services from, ProjectCo LP with the specific intent of maximizing the economic return to OPG from the OPG Nuclear Fleet at the expense of ProjectCo LP.
- (b) Subject to and without limiting Section 4.4(c), the Project Manager will act in accordance with the following principles, in descending order of priority, in the event that it needs to allocate available resources amongst the OPG Nuclear Fleet or any other facility in respect of which OPG provides services, and the Facility:
 - (i) responding to, or mitigating an Emergency Event or any other emergency at any of the facilities in the Combined Nuclear Fleet, or any other facility in respect of which OPG provides services; and
 - (ii) complying with requirements or directives relating to electricity grid reliability or other regulatory requirements issued by the IESO or any other applicable bulk electric system operator.
- (c) This Section 4.4 does not apply to the deployment, engagement or assignment of, or work undertaken by, any individual employed by or seconded to OPG or any of its Affiliates (including, for clarity, any augmented staff used by OPG or any of its Affiliates), in each case who is dedicated to a site, facility, or project that is not the Facility or who is performing work or services that do not relate to the Services, provided that the decision to so dedicate such employees, secondees or augmented staff has not been made with the specific intent of harming ProjectCo LP, and OPG will have no obligation to reassign, re-deploy or re-engage any such dedicated employees, secondees or augmented staff to the Facility or to the Services.
- (d) The Project Manager will cause its Affiliates to comply with this Section 4.4.

ARTICLE 5

DUTIES OF THE PROJECT MANAGER

5.1 Provision of Services

- (a) The Project Manager will provide the Services during the Term and will pursue the development, construction and commissioning of the Facility until (i) a Stoppage Vote Resolution is approved in respect of the Facility or (ii) this Agreement expires in accordance with Section 14.1(a).
- (b) As part of the Services, the Project Manager agrees that it will perform or cause to be performed all of ProjectCo LP's and ProjectCo GP's obligations under the Contracts to which they are party, including the Project Agreements (but excluding their respective Governing Documents, the Facility Documents and the OPG ECA), including exercising all of ProjectCo LP's and ProjectCo GP's rights and remedies arising under such Contracts and in accordance with the terms and conditions of such Contracts, including the applicable conditions of performance.

5.2 Conditions of Performance

- (a) The Project Manager will perform the Services and fulfil its other obligations under this Agreement, including those obligations arising thereunder with respect to the CNSC Licences:
 - (i) in accordance with all Applicable Laws (including all Permits);
 - (ii) in accordance with the nuclear safety and security practices and culture adopted and promoted by OPG at other nuclear facilities owned and/or operated by OPG from time to time;
 - (iii) in accordance with the terms and conditions of this Agreement;
 - (iv) subject to and without limiting Section 5.2(a)(i), 5.2(a)(ii) and 5.2(a)(iii), above, in accordance with:
 - (A) Prudent Industry Practices;
 - (B) applicable manufacturer and designer specifications so as to: keep all material warranties with respect to the Facility, or any part thereof, in full force and effect;
 - (C) applicable contractual obligations under the Project Agreements, including "Owner Responsibilities" set forth in section 13.1 of the IPA and the applicable contractual obligations under the Facility Documents, to the extent that such contractual obligations relate to the performance of the Services;

- (D) the requirements of the insurance policies maintained in respect of the Facility and the Services;
- (E) to the extent applicable, the Transmission System Code and the IESO Market Rules and the terms and conditions of any Connection Agreements,
- (v) subject to and without limiting Sections 5.2(a)(i), 5.2(a)(ii), 5.2(a)(iii) and 5.2(a)(iv), above, using Prudent Industry Practices to maximize Facility availability,

(collectively, the “**Conditions of Performance**”), provided that, notwithstanding the foregoing and any other provision to the contrary in this Agreement, no Project Manager Indemnatee will be liable to ProjectCo LP for any failure by the Project Manager to satisfy the Conditions of Performance, including any Losses incurred or sustained by ProjectCo LP as a result thereof, except to the extent set forth in Article 11 and Article 12.

- (b) In the event of any conflict or inconsistency between or among any of the individual Conditions of Performance, the Project Manager will resolve the inconsistency, acting in good faith and reasonably, using Prudent Industry Practices; provided that, where any Condition of Performance contained in Sections 5.2(a)(ii) to 5.2(a)(v), conflict with Applicable Law, the relevant Applicable Law will prevail.
- (c) Notwithstanding Section 5.2(a) or 5.2(b), in no circumstances will the Project Manager be required to perform or not perform any Services or other obligations under this Agreement to the extent such performance or non-performance would breach Applicable Laws.
- (d) Without limiting the Project Manager’s obligations in Section 5.2(a), ProjectCo LP acknowledges and agrees that the Project Manager does not guarantee or warrant any minimum capacity, availability or performance of the Facility or that the Facility will operate at all, or any maximum amount of Project Costs. The Project Manager will, as part of the Services, enforce the applicable warranties and performance guarantees provided under the Project Agreements for the benefit of ProjectCo LP.
- (e) The Project Manager will use commercially reasonable efforts to mitigate the effects of, and overcome, an event of Force Majeure on the development, design, construction and commissioning of the Facility or the provision of the Services (and any such efforts shall constitute part of the Services hereunder).

5.3 Subcontracting, Labour and Employment

- (a) The Project Manager will furnish and make available as necessary the labour and professional, supervisory, managerial and senior oversight Project Manager Personnel required to perform the Services, including key contact Project Manager Personnel in respect of the Services. All such Persons will remain within the sole

authority, control and responsibility of the Project Manager, its Affiliates or Project Manager Parties, as applicable, including with respect to the determination of working hours and other working conditions and rates of compensation.

- (b) For clarity, all costs and expenses incurred or paid and any other impact of labour negotiations and any labour disruptions experienced by the Project Manager or its Affiliates, to the extent that they relate to the provision of the Services by Project Manager Personnel, will constitute Project Costs. The settlement of any strikes, lockouts or labour disputes under labour agreements and the negotiation of any labour agreements relating to such Project Manager Personnel pursuant to Applicable Laws will be in the sole discretion of the Project Manager or its Affiliates, as applicable.
- (c) Subject to the terms and conditions of this Agreement, the Project Manager will manage all matters pertaining to hiring, selection, training, supervision, direction, compensation, working conditions, availability, termination, safety and related matters pertaining to the Project Manager Personnel.
- (d) The Project Manager will ensure that the Project Manager Personnel performing any part of the Services are duly qualified with the requisite experience, skills and capacity necessary to perform the relevant Services.
- (e) The Project Manager will be permitted to subcontract aspects of the performance of the Services to Project Manager Parties; provided, however, that no such subcontracting by the Project Manager to any Project Manager Party will relieve the Project Manager of its obligations under this Agreement and the Project Manager will be responsible for the acts and omissions of the Project Manager Parties subject to and in accordance with the terms and conditions of this Agreement.
- (f) The Project Manager will cause each of its Affiliates who is a Project Manager Party to comply with its obligations under any Project Agreement to which it is party if (a) such Affiliate is a Wholly-Owned Subsidiary of the Project Manager or (b) such Affiliate is otherwise Controlled by the Project Manager and the Governing Documents of such Affiliate do not prevent the Project Manager from causing such Affiliate to comply with its obligations under any Project Agreement to which it is party. The Project Manager will enforce its and ProjectCo LP's rights against the Project Manager Parties to the benefit of ProjectCo LP, and all costs and expenses associated therewith will constitute Project Costs; provided, however, that to the extent that:
 - (i) such Project Manager Party is an Affiliate of the Project Manager; and
 - (ii) the Project Manager reasonably, and in good faith, asserts that such Project Manager is not in breach of its obligations under the applicable Contract and ProjectCo LP disputes such assertion,

then, ProjectCo LP may enforce such Contract against such Project Manager Party (any resulting Claim to so enforce such Contract being a “**Project Manager Related Party Claim**”). If ProjectCo LP elects to bring a Project Manager Related Party Claim, (A) the conduct and management of such Project Manager Related Party Claim will not constitute part of the Services; (B) the Project Manager shall have no obligations under this Agreement with respect to such Project Manager Related Party Claim; (C) ProjectCo LP shall be responsible for all of its costs and expenses in connection with such Project Manager Related Party Claim (but without prejudice to an arbitrator or court to award costs in accordance with its applicable procedures); and (D) any costs and expenses of the Project Manager Party in connection with such Project Manager Related Party Claim shall not constitute Project Costs hereunder (without prejudice to an arbitrator or court to award costs in accordance with its applicable procedures). For clarity, the application of the provisions of this Agreement to the Project Agreement to which a Project Manager Related Party Claim relates shall be unaffected by the bringing of such Project Manager Related Party Claim.

- (g) If any Project Manager Personnel commits fraud, intentional misrepresentation, or willful misconduct in connection with the provision of the Services, then ProjectCo LP will have the right to require that such Project Manager Personnel no longer be involved in the provision of the Services; provided, however, that if such individual is not dedicated exclusively to the Services or to the Facility, the Project Manager will be required to remove such individual from the direct or indirect provision of the Services only to the extent practicable.
- (h) Any failure of any Subcontractor or Project Manager Party to perform its obligations under the applicable Subcontract or Project Agreement due to a Force Majeure affecting the work to be performed by the applicable Subcontractor or Project Manager Party shall not be considered a breach by the Project Manager of its obligations under this Agreement, provided that the foregoing shall not relieve the Project Manager from its obligations hereunder with respect to the enforcement and management of the applicable Subcontract or Project Agreement.

5.4 Other Permits

The Project Manager will be responsible for obtaining and maintaining all current and future Permits for which the Project Manager, ProjectCo GP or ProjectCo LP is responsible for under the Project Agreements (other than those Permits which the Operator obtains and maintains under the MOMA).

5.5 Title to Materials, Equipment, Etc.

- (a) As between the Project Manager and ProjectCo LP, title to all materials, equipment, supplies, consumables and other items which will form part of the Facility or will be used by the Project Manager solely in connection with the development, design, licencing, construction or commissioning of the Facility will be specified to be in the name of ProjectCo LP and each Contract in respect thereof entered into by the

Project Manager will provide that (i) title to such materials, equipment, supplies, consumables and other items which will form part of the Facility or will be used solely in connection with the development, design, licencing, construction or commissioning of the Facility will be in the name of ProjectCo LP, and (ii) such title will pass immediately to and vest in ProjectCo LP upon passage of title from the applicable vendor; provided that, and notwithstanding the foregoing, title to:

- (i) Nuclear Fuel;
- (ii) any asset or digital infrastructure (including Software) in respect of which Asset Service Fees (as defined in the MOMA) are charged to ProjectCo LP;
- (iii) Intellectual Property Rights, provided that title to Corporate Records shall at all times remain with ProjectCo LP;
- (iv) Intermediate Level Waste;
- (v) Irradiated Fuel;
- (vi) Low Level Waste;
- (vii) any materials, equipment, tools, supplies, consumables and other items (A) that are not an Improvement and (B) which are or become a Nuclear Substance; and
- (viii) such other materials, equipment, tools, supplies, consumables, digital infrastructure (including Software) and other items that ProjectCo LP approves from time to time at the written request of the Project Manager,

will at all times remain with the Project Manager. For clarity, (i) title and all risk relating to Irradiated Fuel, Low Level Waste and Intermediate Level Waste shall pass from the Project Manager to the Landlord, in each case, in accordance with, and at the times specified in, Article 4 of Schedule 1.1.176 of the Lease Agreement, and (ii) at no time will ProjectCo LP have title, ownership, control or possession of any Nuclear Substance.

(b) For clarity, the Parties acknowledge and agree that:

- (i) title to any materials, equipment, tools, supplies, consumables and other items that do not form part of the Facility and that are not used exclusively or near exclusively in connection with the development, design, licencing, construction or commissioning of the Facility shall at all times remain with the Project Manager; and
- (ii) the foregoing provisions of this Section 5.5 do not in any way detract from or affect title being subsequently passed to the Landlord pursuant to terms of the Lease Agreement.

5.6 Provision of Reports

- (a) Within 15 days of the end of each Month during the Term (or, if applicable, such earlier date that the Project Manager notifies the board of directors of OPG (or a committee or subcommittee thereof) in respect of any of the following events in this Section 5.6(a)), the Project Manager will:
- (i) notify ProjectCo LP in writing and provide particulars in reasonable detail in respect of the following in relation to the Services, ProjectCo LP, ProjectCo GP or the Facility:
 - (A) any material defects or deficiencies in the Facility discovered by the Project Manager;
 - (B) any significant malfunctions of any equipment of the Facility discovered by the Project Manager which might reasonably be expected to have a material adverse effect on the Services, the Partnership Business or ProjectCo GP or the development and construction of the Facility;
 - (C) any material breach of Applicable Law by the Project Manager or any Project Manager Party relating to the Services or the Facility, or any material investigation or material non-routine inspection of the Project Manager or any Project Manager Party relating to the Services or of any part of the Facility by any Governmental Authority;
 - (D) any material breach of a Project Agreement by any party thereto;
 - (E) any occurrence, accident, safety violation or Claim by any Person which would reasonably be expected to result in an investigation or penalty under Applicable Laws;
 - (F) any material violation of any Condition of Performance by the Project Manager or any Project Manager Party;
 - (G) any actual, threatened or reasonably anticipated material Claim in respect of the Facility, ProjectCo LP or ProjectCo GP which would reasonably be anticipated to have an adverse effect on the Facility, the Services, or on ProjectCo LP or ProjectCo GP;
 - (H) any material Encumbrance against the Facility, ProjectCo GP or ProjectCo LP which would reasonably be anticipated to have an adverse effect on the Facility, the Services, or on ProjectCo LP or ProjectCo GP;
 - (I) any circumstances: (X) that a reasonable and prudent developer, constructor or project manager of nuclear power generation facilities

would reasonably expect to result in non-trivial adverse reputational consequences for ProjectCo GP or its Shareholders or ProjectCo LP or its partners if such circumstances (or the subject matter thereof) were to be publicized, as applicable, and/or (Y) in respect of which the Project Manager reports to its board of directors on potential adverse reputational consequences resulting therefrom;

- (J) any material activities with Indigenous Groups and communities as part of the Services or any material breach of any capacity funding agreement with any Indigenous Groups and communities or any actual, threatened or reasonably anticipated Claim in respect thereof;
 - (K) any change, event, circumstance, development or occurrence that could reasonably be expected to have a material adverse effect on the Facility, the Services or on ProjectCo LP or ProjectCo GP; and
- (ii) make available to ProjectCo LP copies of any Material GA Correspondence;

provided, however, that if any of the foregoing events or circumstances set forth in this Section 5.6(a) causes or would reasonably be expected to cause a material adverse effect, the Project Manager shall provide prompt notice thereof to ProjectCo LP.

- (b) The Project Manager will, as soon as practicable but in any event within 90 days following the end of each calendar quarter during the Term, or promptly following submission of such information to the board of directors of OPG (or a committee or subcommittee thereof) if earlier, provide ProjectCo LP a reasonably detailed written report in respect of the development, design, commissioning and construction of the Facility during such quarter (each, a “**Quarterly Progress Report**”). Each Quarterly Progress Report will contain the following information:
- (i) safety and quality performance in relation to the development, design, construction and commissioning of the Facility;
 - (ii) project performance information for the Unit 1 Facility, including as it relates to engineering, licensing, Indigenous Groups and communities relations and operational readiness;
 - (iii) updates on the development and design of the Unit 2 Facility, Unit 3 Facility, and Unit 4 Facility;
 - (iv) cost performance information in relation to the development, design, construction and commissioning of the Facility; and
 - (v) key risks associated with the development, design, construction and commissioning of the Facility.

- (c) From time to time during the Term and at the request of ProjectCo LP, the Project Manager will provide the assistance, reports and additional information reasonably required by any Shareholder to allow it to comply with Applicable Laws and ProjectCo GP's or the requesting Shareholder's internal policies, including with respect to its reporting requirements regarding environmental, social and governance impacts, and, to the extent the Project Manager is requested to provide assistance to a Shareholder pursuant to this Section 5.6(c), the Project Manager reserves the right to charge the reasonable costs of such assistance to ProjectCo LP (and such costs will constitute Project Costs for the purposes of this Agreement) or, alternatively, the Operator may charge ProjectCo LP for such costs as MOMA Costs under the MOMA.

5.7 Project Budgets

- (a) No later than the date prescribed by ProjectCo LP from time to time, the Project Manager will prepare an annual project budget in respect of that portion of the Facility that is under development, design, construction and commissioning, which annual budget will, for clarity, include projected Project Costs and associated cash expenditure flows and estimated capital call requirements for the Fiscal Year covered by such budget (a "**Proposed Annual Project Budget**"). Each such Proposed Annual Project Budget will be submitted to ProjectCo LP for consideration and approval (each, once approved, an "**Approved Annual Project Budget**").
- (b) An Approved Annual Project Budget may include DNNP Costs in respect of a Unit and the associated Unit Facility that has not been approved by ProjectCo LP for construction. The Project Manager may incur DNNP Costs on behalf of ProjectCo LP in respect of a Unit and the associated Unit Facility whether or not such Unit or the associated Unit Facility have, at such time, been approved by ProjectCo LP for construction.
- (c) The Project Manager may, from time to time, prepare updated Proposed Annual Project Budget(s), which updated Proposed Annual Project Budget(s) will, for clarity, include updated Project Costs and associated projected cash expenditure flows and updated estimated capital call requirements for the remainder of the then current Fiscal Year. Each such updated Proposed Annual Project Budget will be submitted to ProjectCo LP for consideration and approval (and, once approved, will be deemed the "**Approved Annual Project Budget**" for the purposes of this Agreement and will supersede any prior Approved Annual Project Budget).
- (d) For greater certainty, and notwithstanding anything in this Agreement to the contrary, the Project Manager has the right to incur Project Costs in excess of the Approved Annual Project Budget at any time and from time to time without the approval of ProjectCo LP except as such approval is required pursuant to Section 3.2.

5.8 Payments to Counterparties of the Project Agreements

ProjectCo LP will pay all amounts owing under the Project Agreements to the counterparties thereof (which payments will be managed by the Project Manager as part of the Services).

5.9 Enhanced Reporting Rights

During the Term:

- (a) the Project Manager will deliver to ProjectCo LP copies of all material reports (or portions thereof pertaining to the Services or the Facility) that are delivered to the board of directors of OPG, to the extent related to the Services or the Facility; and
- (b) appropriate Project Manager Personnel will attend each regular meeting of the board of ProjectCo GP to provide a report on the status of the Facility.

5.10 Books and Records; Information Rights; Ownership of Corporate Records and Other Documentation

- (a) The Project Manager will keep or cause to be kept, for a period of seven years following the creation thereof (or such longer period to the extent required by Applicable Laws), complete and accurate books and records reflecting the assets, liabilities, income and expenses of ProjectCo LP and ProjectCo GP in accordance with Generally Accepted Accounting Principles and Applicable Law and shall make such books and records available to ProjectCo LP and ProjectCo GP. The books and records to be kept by the Project Manager pursuant to this Section 5.10 will be kept in a manner that is separate and distinct from the books and records of OPG.
- (b) The Parties acknowledge and agree that:
 - (i) any physical or electronic copy of Other Documentation delivered by the Project Manager to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the Shareholders and/or directors of ProjectCo GP shall be owned by ProjectCo LP;
 - (ii) the original and all other copies of Other Documentation delivered by the Project Manager to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the Shareholders and/or directors of ProjectCo GP shall be owned by OPG;
 - (iii) the Corporate Records shall be owned by ProjectCo LP; and
 - (iv) none of the foregoing shall in any way limit the rights of either the Licensor or the Licensee under the IP Rights Agreement, and any and all Intellectual Property Rights (as defined under the IP Rights Agreement) embodied in

Other Documentation or Corporate Records shall be owned by (or licensed from a Third Party to) the Licensor.

5.11 Project Manager Financing Cooperation

The Project Manager acknowledges that ProjectCo LP, its limited partners and their respective Affiliates may from time to time arrange or pursue debt, equity or other *bona fide* Third Party financings in connection with the Facility or its direct or indirect interests in ProjectCo LP, including the direct or indirect sale by a partner of ProjectCo LP of its interests in ProjectCo LP or by a Shareholder of its interests in ProjectCo GP. The Project Manager agrees to reasonably cooperate with and assist ProjectCo LP and, if ProjectCo LP so requests, any such other Persons, in responding to or complying with the reasonable requirements or reasonable due diligence requests of a *bona fide* Third Party lender, financier or acquirer of such interests in connection with any such financing or acquisition, the cost of such assistance being borne exclusively by ProjectCo LP (which costs will constitute Project Costs). If required by a *bona fide* Third Party financing party in connection with a Project Financing, the Parties will use their commercially reasonable efforts to amend the Non-Nuclear Damage Waterfall and Nuclear Damage Waterfall and to negotiate and enter into an insurance trust agreement, in each case, to the extent necessary in order to obtain such Project Financing. If any Project Financing is approved by ProjectCo LP, the Parties will use commercially reasonable efforts to cooperate in order to raise such financing.

5.12 Intellectual Property Rights

During the Term, the Project Manager will use reasonable efforts to ensure that ProjectCo LP and/or the Project Manager, as applicable, will be (and will remain) entitled to use all Intellectual Property Rights as may be necessary or advisable for the Project Manager to meet its obligations under this Agreement and for ProjectCo LP to carry on the Partnership Business, including obtaining and maintaining all Intellectual Property Rights necessary to perform the Services or otherwise required to develop, construct, commission and start up the Facility (including as it relates to any Fuel Assembly I.P. and any other Intellectual Property Rights relating to Nuclear Fuel used or to be used at the Facility).

ARTICLE 6 PROPERTY LICENCE

6.1 Licence of Use and Access

- (a) Subject to Section 6.1(b) and the rights held by ProjectCo LP under the terms and conditions of the IP Rights Agreement and the Lease Agreement, ProjectCo LP hereby grants to the Project Manager, during the Term, an exclusive licence to conduct all activities in connection with the Services in respect of the Leased Premises, the Facility and any tools, equipment and other tangible personal property owned by ProjectCo LP to the extent required by the Project Manager to perform the Services in accordance with this Agreement, including full rights of ingress and egress on, over, and under the Leased Premises and the Facility (the “**Property Licence**”). For clarity, the Property Licence grants the Project Manager with full

and absolute control of the Leased Premises and the Facility and such tools, equipment and personal property that is owned by ProjectCo LP.

- (b) The Parties acknowledge that the Operator will also be provided the Property Licence during the Term (as defined under the MOMA) of the MOMA.
- (c) The Project Manager shall provide Representatives of ProjectCo LP with reasonable access to the Leased Premises and the Facility under the control and pursuant to the policies and procedures of the Project Manager applicable to the Leased Premises.

6.2 Property Manager Right to Sub-Licence

The Project Manager may, from time to time, grant sub-licences of the Property Licence to any Person to the extent required by the Project Manager to perform the Services, including to the Non-Owner Parties, as required under the IPA, and to any other counterparty to a Project Agreement, as required under such Project Agreement.

ARTICLE 7 PROJECTCO LP OBLIGATIONS

7.1 Compliance with Applicable Laws and Permits

- (a) ProjectCo LP will:
 - (i) provide the Project Manager with any support as may be reasonably required to obtain, maintain and comply with all Applicable Laws and any Permits; and
 - (ii) when acting in its own capacity, comply with all Applicable Laws and Permits (it being acknowledged that the Project Manager will otherwise cause ProjectCo LP to comply with Applicable Laws and Permits in the performance of the Services in accordance with the Conditions of Performance).
- (b) The Project Manager will provide ProjectCo LP with copies of all Permits and other relevant information required for ProjectCo LP to comply with Section 7.1(a)(ii).

ARTICLE 8 PAYMENTS TO THE PROJECT MANAGER

8.1 Expense Reimbursement

- (a) Without limiting the Project Manager's rights and obligations in respect of the Shared Costs (as defined under the MOMA) to ProjectCo LP in accordance with section 8.3 of the MOMA, ProjectCo LP will, in respect of Project Manager Costs, pay the Project Manager, and in respect of ProjectCo LP Costs, pay or reimburse the Project Manager in accordance with Section 9.1, for all of its costs and expenses

incurred or paid in the performance of the Services or the Project Manager's or OPG's obligations under this Agreement (on a "no profit" basis, without any markup or premium for profit, except as set forth in Section 8.1(d)), including any costs and expenses of any equipment, material, goods, consumables, licences, Intellectual Property Rights, Project Manager Personnel, labour, and any other thing, activity or service, in each case, incurred or paid in the performance of the Services or the Project Manager's or OPG's obligations under this Agreement (collectively, "**Project Costs**"). Without limiting the foregoing, "**Project Costs**" includes, to the extent incurred or paid in performing the Services or the Project Manager's or OPG's obligations under this Agreement:

- (i) the Fully Burdened Costs of any Project Manager Personnel engaged in performing Services;
- (ii) any costs and expenses in connection with procuring or making available as necessary the materials, equipment, goods, consumables, licences, Intellectual Property Rights and any other services from any Person to perform the Services;
- (iii) any costs and expenses in respect of obtaining and maintaining CNSC Licences, other Permits and any other regulatory Proceedings required in respect of the development, design, construction or commissioning of the Facility;
- (iv) any costs and expenses of terminating or transferring any Project Manager Personnel performing the Services (including upon completion of the applicable Services);
- (v) any costs and expenses of any disputes between the Project Manager and any Project Manager Party or any contractor of ProjectCo LP (subject to Section 5.3(f));
- (vi) any costs and expenses in connection with the provision of letters of credit or other assurances or guarantees in connection with the development, design, construction and/or commissioning of the Facility;
- (vii) any costs and expenses (including in respect of any indemnification or save harmless obligation), in connection with, related to, or in performing the obligations under the Project Agreements or any Subcontract, including for clarity, any Owner Own Costs or Owner Deemed Project Chargeable Costs (as defined under the IPA);
- (viii) any costs and expenses in connection with obtaining and maintaining any policies of insurance and financial security in connection with the Facility or the Services, including the policies of insurance required to be maintained in accordance with Article 10 and any financial security required by the NLCA in respect of the Leased Premises or the Facility pursuant to Section 11.2 or otherwise; provided that, with respect to any

policies of insurance shared between ProjectCo LP and OPG as set forth in Schedule B, the Project Costs will only include such costs and expenses to the extent of ProjectCo LP's proportionate share determined in accordance with Section 10.2(b);

- (ix) DNNP Costs;
- (x) any costs and expenses incurred in connection with (A) currency exchange transactions (including any brokerage and other transaction fees and/or losses associated with any transaction) and (B) obtaining, maintaining and terminating any hedge or other transaction (and any fees associated therewith) entered into pursuant to a Hedging Strategy;
- (xi) any costs and expenses of the Project Manager's internal support functions, such as security, procurement, contract management, risk management and oversight, regulatory affairs, legal, human resources, finance, training, information technology management, and stakeholder relations; and
- (xii) any costs and expenses in connection with developing, maintaining or using information technology systems, infrastructure and Software,

but excluding, for clarity, any amounts (i) on account of Sales Taxes paid or payable by the Project Manager in respect of Project Costs to the extent that such Sales Taxes are recoverable by the Project Manager by way of input tax credit, refund, rebate, or other recovery mechanism under Applicable Laws relating to Sales Taxes, (ii) on account of Excluded Taxes, (iii) for which Landlord is responsible pursuant to the Lease Agreement, (iv) for which OPG is required to indemnify any ProjectCo LP Indemnitee pursuant to the indemnity set out in Section 12.2 or OPG, in another capacity, is required to indemnify ProjectCo LP, a partner of ProjectCo LP, ProjectCo GP or a Shareholder pursuant to the other Facility Documents or pursuant to any other Contract to which OPG and ProjectCo LP are party.

- (b) For clarity, the foregoing Project Costs will be paid or reimbursed without duplication of (i) payments or reimbursements made by ProjectCo LP to the Operator under the MOMA or (ii) costs that the OEB has approved for recovery by OPG on OPG's own behalf, through payment amounts established (A) pursuant to section 78.1 of the OEB Act or (B) otherwise pursuant to Applicable Laws in respect of the output generated by OPG's generating assets that are subject to economic regulation by the OEB.
- (c) If the Project Manager and ProjectCo LP have agreed, whether before or after the Effective Date, with a counterparty to a Project Agreement to be jointly and severally liable for the obligations of ProjectCo LP under such Project Agreement (each, a "**Subject Obligation**") then (i) the Project Manager and ProjectCo LP agree and acknowledge, as between themselves, that (x) ProjectCo LP will be the primary obligor of the Subject Obligations, (y) the Project Manager shall, as part

of the Services, perform any such Subject Obligation for the benefit of ProjectCo LP, and (z) ProjectCo LP shall pay and perform each Subject Obligation and that such payment or performance by ProjectCo LP shall fully satisfy the Project Manager's obligations in respect of such Subject Obligation, and (ii) if the Project Manager makes a payment to such counterparty in respect of a Subject Obligation (each, a "**Subject Payment**"), then notwithstanding any term of such Project Agreement that references the allocation of liability for such Subject Obligation between the Project Manager and ProjectCo LP, the Subject Payment shall be treated as made by the Project Manager on behalf of ProjectCo LP and such Subject Payment shall constitute a Project Cost under this Agreement. Consistent with the allocation between the Project Manager and ProjectCo LP of the Subject Obligations and the Subject Payments set forth in the preceding sentence, the Project Manager and ProjectCo LP agree to treat, for financial accounting and Canadian Income Tax purposes, interest, fees, costs, expenses and indemnities allocated to ProjectCo LP under this Section 8.1(c) as obligations of and incurred by ProjectCo LP. Notwithstanding the foregoing, the foregoing provisions of this Section 8.1(c) do not apply to the "Excluded Liabilities" (as defined in that certain contribution agreement entered into by OPG and ProjectCo LP on December 31, 2025). Without limiting or amending the terms of any other Contract to which OPG and ProjectCo LP are party, if OPG and ProjectCo LP have agreed, whether before or after December 31, 2025, with a counterparty to a Contract to which an Excluded Liability relates to be jointly and severally liable for such Excluded Liability, then OPG and ProjectCo LP agree and acknowledge, as between themselves, that OPG will be the primary obligor of such Excluded Liability. In addition, references in this Section 8.1(c) to "the Project Manager" shall be read as references to OPG acting in its own capacity or in its capacity as the Project Manager, as applicable, solely for the purposes of this Section 8.1(c).

- (d) The Project Manager may contract with Related Parties of the Project Manager (whether on its own behalf, as agent and nominee for ProjectCo LP, or as ProjectCo LP's true and lawful attorney in fact) with the approval of ProjectCo LP and, for clarity, such Related Party will (if approved by ProjectCo LP) be permitted to earn a profit under any such Contract (whether or not a Related Party Contract). The Project Manager will not amend, terminate, grant any consent or exercise or waive any rights or remedies under a Related Party Contract without the approval of ProjectCo LP.

8.2 Government Funding

- (a) If the Project Manager becomes aware of any ProjectCo LP Government Funding, the Project Manager will apply for such ProjectCo LP Government Funding, for and on behalf of ProjectCo LP, to the extent eligible. If Government Funding is available to OPG, in its capacity as the Project Manager, the Operator or in any other capacity, but does not constitute ProjectCo LP Government Funding or Partner Government Funding, OPG will apply for such Government Funding and contribute the amounts received in respect of the Facility to ProjectCo LP in

accordance with ProjectCo LP's Governing Documents. Notwithstanding the foregoing:

- (i) this Section 8.2(a) will in no way apply to any Government Funding made available to OPG or any of its Affiliates, in any capacity, by the Province of Ontario (including any of its Affiliates or agencies); and
 - (ii) the Project Manager and, where applicable, OPG, will have no obligation to apply for or otherwise accept the terms of any Government Funding under this Section 8.2(a) if the Project Manager determines, in its reasonable discretion, that the terms of such Government Funding are not favourable to ProjectCo LP, the Project Manager (in any non-trivial respect) or, where applicable, OPG (in any non-trivial respect), or would otherwise unreasonably constrain or impair the Project Manager, on behalf of ProjectCo LP or in its own capacity, as applicable, in the management, construction, commissioning, operation, maintenance, administration or decommissioning of the Facility or the Leased Premises.
- (b) If the Project Manager becomes aware of any Partner Government Funding, the Project Manager will notify ProjectCo LP that such Partner Government Funding is or has become available to its partners.

ARTICLE 9 INVOICING, REIMBURSEMENT AND PAYMENT TERMS

9.1 Invoicing, Reimbursement and Payment

- (a) The Project Manager will, as soon as practicable, but no later than by the 25th day of each Month during the Term, invoice ProjectCo LP for the Project Manager Costs incurred or paid by the Project Manager or any Project Manager Party (without duplication) in accordance with this Agreement up to the end of the prior Month (the "**Monthly Project Manager Payment**"). The invoice will set out, in reasonable detail, the amount of the Monthly Project Manager Payment payable by ProjectCo LP for the prior Month. Monthly Project Manager Payments payable by Project Co LP under this Agreement, unless otherwise specified herein, are due and payable by ProjectCo LP to the Project Manager promptly, and in any event within 10 days of receipt of the invoice.
- (b) The Project Manager will from time to time provide Notice to ProjectCo LP of any costs or expenses incurred or paid by the Project Manager in respect of ProjectCo LP Costs, and ProjectCo LP will reimburse the Project Manager for such ProjectCo LP Costs (the "**Project Manager Reimbursement**"). The Notice will include a summary of any invoices received from any of ProjectCo LP's suppliers, vendors or contractors in connection with such ProjectCo LP Costs and will separately identify any Sales Tax amounts included in such ProjectCo LP Costs. Project Manager Reimbursements payable by ProjectCo LP under this Agreement, unless

otherwise specified herein, are due and payable promptly by ProjectCo LP to the Project Manager, and in any event within 10 days of receipt of the Notice.

- (c) In lieu of a Project Manager Reimbursement under Section 9.1(b) and at the Project Manager's discretion, the Project Manager may cause ProjectCo LP to pay amounts in respect of ProjectCo LP Costs from ProjectCo LP's accounts directly to any counterparty of ProjectCo LP under a Project Agreement. If the Project Manager causes one or more such payments to be made by ProjectCo LP in respect of ProjectCo LP Costs in any Month, the Project Manager will provide a Notice to ProjectCo LP no later than the 25th day following such Month. The Notice will include a summary of any invoices received from any of ProjectCo LP's suppliers, vendors or contractors in connection with such ProjectCo LP Costs and will separately identify any Sales Tax amounts included in such ProjectCo LP Costs.

9.2 Control over ProjectCo LP Accounts

ProjectCo LP acknowledges and agrees that as part of the Services and pursuant to the powers and authority delegated to the Project Manager under Section 3.1, the Project Manager is authorized, without any further action from ProjectCo LP, to administer the bank accounts of ProjectCo LP and withdraw or transfer funds from such accounts in order make all payments for ProjectCo LP required to be made under this Agreement, any Facility Document, any Project Agreement or otherwise in connection with the Services, subject to ProjectCo LP's dispute rights in accordance with Section 9.3.

9.3 Disputed and Inaccurate Accounts

- (a) ProjectCo LP will provide Notice to the Project Manager within 20 days following receipt of an invoice or Notice provided pursuant to Section 9.1 if it reasonably believes that any costs in such invoice or Notice are not Project Costs (or are otherwise not payable by it pursuant to this Agreement) and the Parties will work cooperatively to resolve the issue within 15 days after receipt of such Notice. ProjectCo LP will be entitled to withhold payment of any such amount that it disputes in good faith (provided that ProjectCo LP will not be entitled to withhold payment of any amount not being disputed in good faith or for which it has not provided a Notice of dispute in accordance with this Section 9.3(a)). If the Parties are unable to resolve the dispute within such 15-day period, then the matter will be settled in accordance with the Dispute Resolution Procedure.
- (b) Each of the Project Manager and ProjectCo LP will provide Notice to the other Party upon learning of an error in a Monthly Project Manager Payment or Project Manager Reimbursement made under this Agreement and, as soon as practicable thereafter, the Project Manager and ProjectCo LP will resolve such error and make any resulting payments required to correct such error, plus interest calculated at the Prime Rate *per annum*, from the date on which payment should otherwise have been made. If the Project Manager and ProjectCo LP are unable to rectify such error within 30 days after the receipt of such Notice, then the matter will be settled in accordance with the Dispute Resolution Procedure.

- (c) ProjectCo LP will have the right to audit, examine and make copies of the financial and other records and financial statements of the Project Manager relating to the performance of the Services in accordance with this Section 9.3(c). The right to audit may be exercised only for the purposes of confirming whether the Project Costs have been properly incurred or paid and charged to ProjectCo LP as Project Costs in accordance with Section 9.1. Audits in respect of any Fiscal Year may be exercised on 60 days' Notice by ProjectCo LP to the Project Manager at any time within the 24 months following the last day of such Fiscal Year to which the audit relates and the scope of such audit for such Fiscal Year shall be solely in respect of any Project Costs invoiced or notified to ProjectCo LP in such Fiscal Year (irrespective of when such Project Costs were incurred by the Project Manager) pursuant to Section 9.1. For clarity, once such 24 month period has elapsed following the Fiscal Year to which the audit relates, ProjectCo LP shall not have a right to audit any Project Costs invoiced or notified to ProjectCo LP in such Fiscal Year. As soon as practicable after the completion of an audit, the Project Manager and ProjectCo LP will resolve any discrepancies noted by the audit and make any resulting payments required to correct such discrepancies, plus interest calculated at the Prime Rate per annum, from the date on which the discrepancy arose. If the Project Manager and ProjectCo LP are unable to resolve such discrepancies within 30 days, then the matter will be settled in accordance with the Dispute Resolution Procedure. ProjectCo LP will:
- (i) pay all costs and expenses of any auditor retained in connection with an audit under this Section 9.3(c); and
 - (ii) only retain a Third Party auditor for the purposes of an audit in connection with this Section 9.3(c) that is independent of the corporate auditor appointed by ProjectCo LP from time to time.

Any costs and expenses of the Project Manager in cooperating with an audit under this Section 9.3(c) will constitute Project Costs.

9.4 Set-Off

Either Party may, from time to time, without prejudice to any other right or remedy it may have under Applicable Law, under this Agreement or under any Facility Document or the OPG ECA, deduct and set-off any undisputed amounts owed to the other Party under this Agreement, howsoever arising, from any undisputed amount owed by such Party or its Affiliates under any Facility Document or the OPG ECA; provided that, at the relevant time that a Party exercises its right of set-off in accordance with this Section 9.4, that the Parties to this Agreement are the same Persons party to the relevant Facility Document or OPG ECA in respect of which the right of set-off is being applied, as applicable.

9.5 Sales Taxes

- (a) All amounts payable by ProjectCo LP pursuant to this Agreement are exclusive of applicable Sales Taxes.

- (b) ProjectCo LP will be responsible for the payment of all Sales Taxes that are required to be paid in respect of all amounts payable by it under this Agreement, and any such Sales Taxes will be paid by ProjectCo LP when and as it is due to be paid under Applicable Laws. The Project Manager shall timely remit all Sales Taxes collected from ProjectCo LP to the appropriate Governmental Authority.
- (c) All invoices issued by the Project Manager to ProjectCo LP will separately identify the amount of Sales Taxes charged on such invoices and shall include all information required under Applicable Laws for ProjectCo LP to obtain any available credits, refunds or other recovery of such Sales Taxes and will in any case include the Project Manager's HST registration number.
- (d) Notwithstanding any other provision of this Agreement, in the event that any amount becomes payable by a Party to this Agreement as a result of a breach, modification or termination of this Agreement and Section 182 of the ETA applies to that amount, the amount payable will be increased by an amount equal to the product of the applicable HST percentage rate multiplied by the amount otherwise payable and the payor will pay the increased amount.

9.6 Foreign Currency

- (a) To the extent that the Project Manager or any Project Manager Party pays or incurs Project Costs under this Agreement in foreign currency, the Project Manager will charge ProjectCo LP the equivalent amount in Canadian currency based on the Bank of Canada daily exchange rate as of the date the payment was made by the Project Manager. If the Bank of Canada ordinarily quotes such a rate, but there is no such rate quoted for the particular day, the closest preceding day for which such a rate is quoted is used for the exchange of the particular currency for the other currency.
- (b) The Project Manager may, from time to time, develop a hedging strategy (whether specific to ProjectCo LP or across the Project Manager's other businesses) to address anticipated Project Costs to be paid or incurred in foreign currency to protect against currency exchange rate fluctuations for all or a portion of such costs and submit such hedging strategy to ProjectCo LP for approval (once approved, a "**Hedging Strategy**"). The Hedging Strategy will, once approved by ProjectCo LP, govern in lieu of Section 9.6(a) in respect of any Project Costs to which the Hedging Strategy applies, and the Project Manager will implement such Hedging Strategy as part of the Services.

ARTICLE 10 INSURANCE

10.1 Project Agreement Insurance

- (a) The Project Manager will be responsible for obtaining and maintaining all insurance required to be obtained and maintained by ProjectCo LP under the Project Agreements (collectively, "**Project Agreement Insurance**") in either (i) ProjectCo

LP's name (in which case, the Project Manager will be added as a named insured in all such policies), or (ii) OPG's name (in which case, ProjectCo LP will be added as a named insured in all such policies); provided, however, that as between OPG and ProjectCo LP, with respect to the nuclear liability insurance required pursuant to the NLCA, OPG shall be the sole named insured.

- (b) ProjectCo LP will be responsible for the costs and expenses of all Project Agreement Insurance, including, for clarity, the nuclear liability insurance required pursuant to the NLCA, and, subject to Section 11.3 in respect of the Project Manager Deductible, any deductibles or self-insured retentions for which ProjectCo LP is responsible under the Project Agreements (and such costs and expenses, and any applicable deductibles or self-insured retentions, will constitute Project Costs).

10.2 ProjectCo LP Insurance

- (a) Without duplication of any insurance required to be obtained and maintained pursuant to Section 10.1(a), the Project Manager will obtain and maintain in either (x) ProjectCo LP's name (in which case the Project Manager will be added as a named insured in all such policies), or (y) OPG's name (in which case, ProjectCo LP will be added as a named insured in all such policies), all insurance required under Schedule B; provided, however, that:
 - (i) if any policy of insurance under Schedule B is not available on commercially reasonable terms, and, despite the Project Manager's commercially reasonable efforts, the Project Manager is not able to obtain such policy, then the Project Manager will make a recommendation by Notice to ProjectCo LP with respect to the insurance that should be obtained in the alternative to the insurance listed in Schedule B and, once approved by ProjectCo LP, the Project Manager will obtain for ProjectCo LP, at ProjectCo LP's sole cost and expense, such replacement insurance policy;
 - (ii) as between OPG and ProjectCo LP, with respect to the nuclear liability insurance required pursuant to the NLCA, OPG shall be the sole named insured; and
 - (iii) as of the Effective Date, the Parties intend that there will be one shared Nuclear Property Damage Insurance Policy providing coverage for the Facility, the Leased Premises, the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites (the "**Shared Nuclear Property Damage Insurance Policy**") which will be obtained by the Operator under the MOMA, which may, at any time, be replaced by a Nuclear Property Damage Insurance Policy which covers the Facility on a standalone basis in accordance with, and subject to, the terms of the MOMA.
- (b) ProjectCo LP will be responsible for payment of its Shared Nuclear Property Damage Premium Ratable Portion of premiums associated with the Shared Nuclear Property Damage Insurance Policy (which, for clarity, will be paid by ProjectCo

LP in accordance with the MOMA) and OPG will be responsible for payment of its Shared Nuclear Property Damage Premium Ratable Portion of premiums associated with the Shared Nuclear Property Damage Insurance Policy (which, for clarity, will not constitute MOMA Costs or Project Costs).

- (c) Without limiting the Project Manager's liability to pay the Project Manager Deductible in certain circumstances pursuant to Section 11.3, any deductible payable in respect of the Shared Nuclear Property Damage Insurance Policy will be paid by ProjectCo LP or OPG, as applicable, based on where the insurable event occurred. That is, if: (i) the insurable event or events occurred at the Facility, ProjectCo LP shall pay the deductible; (ii) the insurable event or events occurred at an Other OPG Nuclear Facility, OPG shall pay the deductible; and (iii) the insurable event or events occurred at both the Facility and an Other OPG Nuclear Facility, then OPG and ProjectCo LP shall pay the deductible in proportion to their respective Shared Nuclear Property Damage Proceeds Ratable Portion.
- (d) The Project Manager may, from time to time, amend and replace Schedule B with the approval of ProjectCo LP; provided that the Project Manager will propose to ProjectCo LP an amended Schedule B with proposed amendments to the policies of insurance and amounts set forth therein in accordance with Prudent Industry Practices at such time that ProjectCo LP decides to proceed with the construction and commissioning of Unit 2, Unit 3 and/or Unit 4.
- (e) If any policy of insurance required to be maintained in accordance with the provisions of this Section 10.2 is cancelled or is not available, or if the Project Manager receives notice from the applicable insurer(s) or is otherwise informed that any such policy of insurance will be cancelled, the Project Manager shall provide Notice thereof to ProjectCo LP.

10.3 Non-Nuclear Policy Proceeds of Insurance

- (a) On the occurrence of an event that results in the payment of any proceeds to ProjectCo LP from an insurance policy required to be maintained under this Agreement (other than (x) a Nuclear Property Damage Insurance Policy or a Shared Nuclear Property Damage Insurance Policy which is addressed in Section 10.5 or (y) third party liability insurance which is addressed in Section 10.4), such proceeds will be dealt with in accordance with the following waterfall (the "**Non-Nuclear Damage Waterfall**"):
 - (i) first, to the extent of any proceeds of insurance in respect of property insurance policies, such insurance proceeds will be used (A) to pay any costs and expenses to repair, reconstruct or replace any damage or destruction occurring to the Facility or the Leased Premises as a result of the event and/or to take protective measures in respect thereof, including as required by section 11.2 of the Lease Agreement, and (B) if ProjectCo LP determines (in accordance with the Lease Agreement) not to repair, reconstruct or replace any damage or destruction which has occurred to the

Facility, to pay the Landlord to take any protective measures as required by section 11.2 of the Lease Agreement;

- (ii) second, to the extent of any excess proceeds in respect of property insurance policies, such insurance proceeds will be used to pay Third Parties (including lenders of ProjectCo LP but not including any Shareholders or partners of ProjectCo LP or their respective Affiliates) any amounts owed to them by either ProjectCo LP or the Project Manager as a result of such event; and
- (iii) third, any remaining insurance proceeds will be retained by ProjectCo LP and, subject to approval by ProjectCo LP, will be eligible for distribution to the partners of ProjectCo LP or retained for future capital expenses or operating expenses of ProjectCo LP.

10.4 Third Party Policy Proceeds of Insurance

Third Party liability insurance will be used, to the extent applicable, to pay amounts owing by ProjectCo LP or the Project Manager to Third Parties in accordance with the relevant policy.

10.5 Nuclear Property Policy Proceeds of Insurance

- (a) On the occurrence of an insurable event or events that result in a Claim by ProjectCo LP under a Nuclear Property Damage Insurance Policy or a Shared Nuclear Property Damage Insurance Policy, such Claim and the proceeds therefrom (including in respect of business interruption) will be dealt with in accordance with the following waterfall (the “**Nuclear Damage Waterfall**”):
 - (i) (x) if both ProjectCo LP and OPG have a Claim under a Shared Nuclear Property Damage Insurance Policy, the proceeds therefrom shall be allocated to ProjectCo LP and OPG pursuant to each Party’s Shared Nuclear Property Damage Proceeds Ratable Portion, provided that no Party will be entitled to insurance proceeds in excess of such Party’s assessed Losses covered through the Shared Nuclear Property Damage Insurance Policy, or (y) if ProjectCo LP received proceeds from a Nuclear Property Damage Insurance Policy, then in the case of either clause (x) or (y) of this Section 10.5(a)(i), ProjectCo LP shall use any such proceeds received by it as follows:
 - (A) first such proceeds will be used by ProjectCo LP to pay Third Parties (including lenders of ProjectCo LP but not including any Shareholders or partners of ProjectCo LP or their respective Affiliates) any amounts owed to them by either ProjectCo LP or the Project Manager as a result of such event;
 - (B) second, such remaining proceeds will be used by ProjectCo LP to pay any costs and expenses to repair, reconstruct or replace any damage or destruction occurring to the Facility or the Leased

Premises as a result of the event and/or to take protective measures in respect thereof, including as required by section 11.2 of the Lease Agreement, and if ProjectCo LP determines (in accordance with the Lease Agreement) not to repair, reconstruct or replace any damage or destruction which has occurred to the Facility, to the Landlord to take any protective measures as required by section 11.2 of the Lease Agreement; and

- (C) third, any remaining proceeds will be retained by ProjectCo LP and, subject to approval by ProjectCo LP, will be eligible for distribution to the partners of ProjectCo LP or retained for future capital expenses or operating expenses of ProjectCo LP;
- (ii) if only ProjectCo LP has a Claim under a Shared Nuclear Property Damage Insurance Policy (and OPG does not), the proceeds therefrom shall be allocated solely to ProjectCo LP, and ProjectCo LP shall use such proceeds received by it in accordance with the waterfall set forth in Section 10.5(a)(i)(A) through 10.5(a)(i)(C), above, provided that ProjectCo LP will not be entitled to insurance proceeds in excess of ProjectCo LP's assessed Losses covered through the Shared Nuclear Property Damage Insurance Policy; and
- (iii) if only OPG has a Claim under a Shared Nuclear Property Damage Insurance Policy (and ProjectCo LP does not), the proceeds therefrom shall be allocated solely to OPG, provided that OPG will not be entitled to insurance proceeds in excess of OPG's assessed Losses covered through the Shared Nuclear Property Damage Insurance Policy.

10.6 Insurance Agreement

The Parties will work cooperatively to reflect the Non-Nuclear Damage Waterfall and the Nuclear Damage Waterfall in the terms of an Insurance Agreement following the Effective Date.

ARTICLE 11 NUCLEAR LIABILITY

11.1 Definitions

- (a) In this Article 11, and notwithstanding any provision in this Agreement to the contrary:
 - (i) “**Adjusted Cap**” means, at any time, [REDACTED], as adjusted annually on January 1 of each calendar year following the Commercial Operation Date of Unit 1 by a factor equal to the change in Project CPI for the then preceding year.

- (ii) **“DNNP Nuclear Installation”** means those lands and premises to be included in the applicable designation of Nuclear Installation in respect of the Facility pursuant to the NLCA.
- (iii) **“Nuclear Incident”** has the meaning attributed to the term “nuclear incident” in the NLCA.
- (iv) **“Nuclear Installation”** has the meaning attributed to the term “nuclear installation” in the NLCA.
- (v) **“Project Manager Deductible”** means, in respect of a Nuclear Incident at the DNNP Nuclear Installation, the lesser of:
 - (A) in respect of the Nuclear Property Damage Insurance Policy or Shared Nuclear Property Damage Insurance Policy, as applicable, the amount of the deductible, self-insured retentions and retained losses incurred and paid by ProjectCo LP; and
 - (B) the amount of the Adjusted Cap at the time of the Nuclear Incident.

11.2 Compliance with the NLCA

The Project Manager will (a) comply with the NLCA and, for clarity, the Project Manager will obtain and maintain financial security (in the form of insurance or alternate financial security as provided under the NLCA) required under the NLCA, and (b) procure and maintain the insurance coverages to the extent required by the NLCA.

11.3 Project Manager Responsibility for Damage to Facility

ProjectCo LP and its Connected Persons will have no right to Claim and/or recover from, nor hold any Project Manager Indemnatee liable for, Losses in respect of or in relation to damage to the DNNP Nuclear Installation, the Facility, the Site, or any equipment or other property located at the DNNP Nuclear Installation, the Facility, or the Site that is used in connection with the DNNP Nuclear Installation or the Facility, in each case arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (ii) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, and ProjectCo LP (on its own behalf and on behalf of its Connected Persons) hereby irrevocably waives, and forever releases and discharges each Project Manager Indemnatee from, any and all rights, remedies and Claims in respect of such Losses, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, that ProjectCo LP and/or any of its Connected Persons may have against such Project Manager Indemnatee, provided that, and notwithstanding the foregoing, the Project Manager will be responsible for, and will indemnify and save harmless ProjectCo LP and its Connected Persons for, such Losses in respect of or in relation to damage to the DNNP Nuclear Installation, the Facility, the Site, or any equipment or other personal property located at the DNNP Nuclear Installation, the Facility, or the Site that is used in connection with the DNNP Nuclear Installation or the Facility to the extent that such Losses are wholly or partly caused by an unlawful act or

omission of the Project Manager or any Project Manager Indemnatee committed with intent to cause injury or damage, but only up to the amount of the Project Manager Deductible in respect of that Nuclear Incident or Release. For clarity, (a) any amount paid to ProjectCo LP by the Operator pursuant to section 11.3 of the MOMA will be deducted from any amount owing by the Project Manager to ProjectCo LP pursuant to this Section 11.3, and (b) in no circumstance whatsoever will the Project Manager's liability to ProjectCo LP and its Connected Persons pursuant to this Section 11.3 exceed the Project Manager Deductible.

11.4 No Recourse

- (a) OPG (on its own behalf and on behalf of each of its Connected Persons) agrees that it will have no recourse to:
 - (i) ProjectCo LP, ProjectCo GP and each of their respective Connected Persons and the ProjectCo LP Indemnitees arising out of or relating to (x) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (y) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, except in connection with (A) the proceeds of ProjectCo LP's Nuclear Property Damage Insurance Policy or Shared Nuclear Property Damage Insurance Policy, as applicable, to which OPG is entitled, and (B) any payments or liabilities owing by OPG, in any capacity (whether as the Project Manager, as agent and/or nominee for ProjectCo LP or in its own capacity), to counterparties under any Project Agreements or Subcontracts arising out of or relating to (1) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (2) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site; or
 - (ii) limited partners of ProjectCo LP or the Shareholders arising out of or relating to (x) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (y) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, whether at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise.
- (b) OPG (on its own behalf and on behalf of each of its Connected Persons) hereby irrevocably waives, and forever releases and discharges each of ProjectCo LP, ProjectCo GP and each of their respective Connected Persons and the ProjectCo LP Indemnitees from, any and all rights, remedies and Claims in respect of Losses, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict

liability, statutory cause of action, intended conduct or otherwise, arising out of or relating to (x) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (y) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, except as provided in paragraphs (A) and (B) of Section 11.4(a)(i).

- (c) It will be a condition of the Transfer of this Agreement by the Project Manager that the transferee, as the case may be, deliver the waiver described in Sections 11.4(a) and 11.4(b) to ProjectCo LP.
- (d) In respect of any Subcontract entered into by the Project Manager (in its own capacity) or any Contract that the Project Manager enters into as agent and/or nominee for and on behalf of ProjectCo LP following the Effective Date in respect of the Services, the Project Manager will use commercially reasonable efforts to obtain the waiver described in Sections 11.4(a) and 11.4(b) from such Subcontractor, but solely in respect of any Subcontract that requires the relevant Subcontractor to have its own property located on or near the Site and the value of such property exceeds or [REDACTED] (as adjusted annually on January 1st of each calendar year following the Commercial Operation Date of Unit 1 by a factor equal to the change in Project CPI for the prior year) at any one time.

11.5 Interpretation

- (a) This Article 11 will take precedence over all other provisions of this Agreement.
- (b) Each of the provisions of this Article 11 is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Article 11.
- (c) The Parties acknowledge and agree that nothing in Article 10, Article 11, Section 12.1 or Section 12.2 will in any way limit section 10.4 or section 10.5 of the Lease Agreement.

ARTICLE 12 INDEMNITY AND LIMITATION ON LIABILITY

12.1 ProjectCo LP Indemnity to OPG

ProjectCo LP will indemnify and save harmless OPG, its Affiliates, and each of its and their respective Representatives (each, a “**Project Manager Indemnatee**”) from and against any and all Direct Losses which may be suffered, sustained or incurred by them in connection with a Third Party Claim as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement, including the provision of the Services, by or on behalf of the Project Manager, except in each case (a) to the extent resulting from or arising from the fraud, intentional misrepresentation or willful misconduct of any Project Manager Indemnatee, (b) any amounts for which OPG, in

another capacity, is required to indemnify any ProjectCo LP Indemnatee pursuant to the IESO Payments Agreement, the Lease Agreement or the MOMA, or (c) for clarity, but without limiting paragraphs (A) and (B) of Section 11.4(a)(i), to the extent resulting from or arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility or, (ii) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site.

12.2 OPG Indemnity to ProjectCo LP

OPG will indemnify and save harmless ProjectCo LP, ProjectCo GP, their respective Affiliates, and each of its and their respective Representatives (each, a “**ProjectCo LP Indemnatee**”) from and against any and all Direct Losses which may be suffered, sustained or incurred by them as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the fraud, intentional misrepresentation or willful misconduct of any Project Manager Indemnatee in connection with the performance or breach of this Agreement, including the provision of the Services, provided that and notwithstanding the foregoing, this Section 12.2 shall not apply to any Losses to the extent resulting from or arising out of or relating to: (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, or the Facility, or (ii) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site.

12.3 Limit on Liability; Exclusive Remedy

- (a) Except as set out in Section 11.3 and Section 12.2, ProjectCo LP will have no right to Claim and/or recover from any Project Manager Indemnatee, and ProjectCo LP irrevocably waives, on its own behalf and on behalf of each ProjectCo LP Indemnatee and each of its Connected Persons, any and all rights, remedies and Claims that it may have against any Project Manager Indemnatee for, any Losses which may be suffered, sustained or incurred by or brought against one or more of the ProjectCo LP Indemnitees as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement, including the provision of the Services, by or on behalf of any Project Manager Indemnatee.
- (b) Notwithstanding anything herein to the contrary, including Section 11.3, in no event shall a Party be liable to the other Party or any Connected Persons of such other Party or any indemnitee of such other Party (being the Project Manager Indemnitees for OPG or the ProjectCo LP Indemnitees for ProjectCo LP) for any Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement by any Party, including the provision of the Services, by or on behalf of any Project Manager Indemnatee. Accordingly, each Party irrevocably waives, on its own behalf and on behalf of each of its Connected Persons and indemnitees, any and all rights, remedies and Claims that it may have against the other Party for Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the

performance or breach of this Agreement by any Party, including the provision of the Services, by or on behalf of any Project Manager Indemnitee.

- (c) Without limiting Section 16.3, each Party acknowledges and agrees that such Party's right to receive indemnification from the other Party pursuant to Section 11.3 and this Article 12 is such Party's sole and exclusive remedy in respect of the matters that are the subject of Section 11.3 and this Article 12, respectively.

12.4 Conduct of Claims

- (a) This Section 12.4 will apply to the conduct of Third Party Claims against a Project Manager Indemnitee and/or ProjectCo LP Indemnitee, as applicable, having, or claiming to have, the benefit of an indemnity pursuant to this Agreement. The conduct of all Claims will be subject to any insurer's right or duty to defend under any insurance policy required pursuant to Section 10.1, Section 10.2 and Schedule B. The Project Manager Indemnitee and/or ProjectCo LP Indemnitee, as applicable, having, or claiming to have, the benefit of the indemnity is referred to as the "**Beneficiary**" and the Party giving the indemnity is referred to as the "**Indemnifier**".
- (b) If the Beneficiary receives any notice, demand, letter or other document concerning any Claim for which it appears that the Beneficiary is, or may become entitled to, indemnification under this Article 12, the Beneficiary will give Notice to the Indemnifier as soon as reasonably practicable and in any event no later than 45 days after receipt of the Claim, provided that any failure to give such Notice will not affect the Indemnifier's obligation under this Article 12 in any way unless and only to the extent that the Indemnifier is prejudiced as a result of such failure to give such Notice. Such Notice will specify with reasonable particularity, to the extent that information is available, the factual basis for the Claim and the amount of the Claim.
- (c) Subject to Sections 12.4(e), 12.4(f), 12.4(g) and 12.4(h), on the giving of such Notice by the Beneficiary, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of the liability arising out of the Claim, the Indemnifier will be entitled to dispute the Claim in the name of the Beneficiary at the Indemnifier's sole cost and expense, and take conduct of any defence, dispute, compromise, or appeal of the Claim and of any incidental negotiations. The Beneficiary will give the Indemnifier all reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim.
- (d) The Beneficiary will have the right to employ separate counsel in respect of such Claim and the costs and expenses of such counsel will be to the account of the Beneficiary.
- (e) With respect to any Claim conducted by the Indemnifier,
 - (i) the Indemnifier will keep the Beneficiary reasonably informed and consult with it about material elements of the conduct of the Claim;

- (ii) subject to Section 12.4(f), the Indemnifier will not pay, compromise or settle such Claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;
 - (iii) the Indemnifier will not admit liability or fault to any Third Party without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed; and
 - (iv) the Indemnifier will use commercially reasonable efforts to have the Beneficiary named as a beneficiary under any release given by the Persons bringing the Claim to which this Section 12.4(e) relates.
- (f) The Indemnifier will have the right in its sole discretion to settle a Claim for which it has an indemnity obligation hereunder only if:
 - (i) the settlement involves only the payment of money and execution of appropriate releases of the Beneficiary;
 - (ii) there is no finding or admission of any violation of Applicable Laws by the Beneficiary; and
 - (iii) the Beneficiary will have no liability with respect to such compromise or settlement.
- (g) The Beneficiary will be entitled to control and assume responsibility for the defence of such Claim, at the sole cost and expense of the Indemnifier, and will be free to pay or settle any such Claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Agreement if:
 - (i) the Indemnifier fails to give Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 12.4(c) no later than 45 days after the Notice from the Beneficiary under Section 12.4(b) or gives Notice to the Beneficiary that the Indemnifier does not intend to take conduct of the Claim; or
 - (ii) the Indemnifier fails to comply in any material respect with Section 12.4(e).

Notwithstanding the foregoing provisions of this Section 12.4(g), (A) the Indemnifier may, in any event, participate in such Claim at its sole cost and expense, or (B) the Indemnifier may re-assume conduct of the defence at any time provided that same would not prejudice the Beneficiary. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to this Section 12.4(g), the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

- (h) Notwithstanding that the Indemnifier may have given Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 12.4(c) and

without in any way limiting Section 12.4(g), the Beneficiary will be free at any time to give Notice to the Indemnifier that the Beneficiary is retaining or taking over, as the case may be, the conduct of any defence, dispute, compromise or appeal of any Claim, or of any incidental negotiations, to which Section 12.4(c) applies. ProjectCo LP acknowledges and agrees that where OPG is the Beneficiary, OPG may retain or take over such conduct in any matter involving breach of confidentiality or any matter involving public policy. On receipt of such Notice the Indemnifier will promptly take all steps necessary to transfer the conduct of such Claim to the Beneficiary, and will provide to the Beneficiary all relevant documentation and all commercially reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim. Without limiting Section 12.4(g), if the Beneficiary gives any Notice pursuant to this Section 12.4(h), then the Indemnifier will be irrevocably released from any liabilities arising under the applicable indemnity hereunder in respect of the applicable Claim. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to Section 12.4(g), the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

- (i) If the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers, whether by payment, discount, credit, saving, relief, insurance or other benefit or otherwise, a sum or anything else of value (the “**Recovery Amount**”) which is directly referable to the fact, matter, event or circumstances giving rise to the claim under the indemnity, the Beneficiary will promptly repay to the Indemnifier whichever is the lesser of:
 - (i) an amount equal to the Recovery Amount less any out-of-pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and
 - (ii) the amount paid to the Beneficiary by the Indemnifier in respect of the Claim under the relevant indemnity,

provided that, except as contemplated in Section 12.5(a), there will be no obligation on the Beneficiary to pursue any Recovery Amount and that the Indemnifier will be repaid only to the extent that the Recovery Amount, aggregated with any sum recovered from the Indemnifier, exceeds the Direct Losses sustained by the Beneficiary except, however, that if the Beneficiary elects not to pursue a Recovery Amount, the Indemnifier will be entitled to require an assignment to it of the right to do so.

- (j) Any Person taking any of the steps contemplated by this Section 12.4 will comply with the requirements of any insurer who may have an obligation to provide an indemnity or insurance in respect of any liability arising under this Agreement.
- (k) Nothing in this Section 12.4 shall preclude an individual director or officer of a Beneficiary, if such individual director or officer is personally named in such

Claim, from retaining its own counsel and participating in such Claim to the extent of such individual's personal interests therein.

12.5 Mitigation – Indemnity Claims

- (a) Each Party will at all times take commercially reasonable steps to minimize and mitigate any Direct Losses for which such Party is entitled to, or may become entitled to, indemnification under this Article 12.
- (b) To the extent that the Indemnifier is prejudiced by the Beneficiary failing to comply with Section 12.5(a), then any such indemnity will not extend to the amount of such Direct Losses which would have been reduced or avoided by such Party having complied with Section 12.5(a).

ARTICLE 13 INTELLECTUAL PROPERTY OWNERSHIP AND LICENSES

13.1 Ownership of Intellectual Property

To the extent any Intellectual Property or Intellectual Property Rights are made, developed or created by performance of the Services or otherwise pursuant to this Agreement (“**Developed IP**”), the Parties agree that as between the Parties and the Licensor, the Developed IP shall be owned by (or licensed from a Third Party to) the Licensor. To the extent arising to or held by ProjectCo LP, in consideration for \$1.00, ProjectCo LP hereby assigns, and to the extent necessary to give effect to the preceding sentence, will cause its Representatives and any counterparty to any Project Agreement to assign, all such right, title and interest in and to the Developed IP to the Licensor. The Parties acknowledge that, as of the Effective Date, OPG is both the Project Manager and the Licensor. If OPG Transfers its rights, title and interests in and to this Agreement pursuant to Section 15.1, the Licensor may elect to remain a Party to this Agreement for the purposes of Section 5.10(b) and this Article 13, separate and apart from the transferee.

ARTICLE 14 TERM AND TERMINATION

14.1 Term of Agreement and Transition of Services to MOMA

- (a) The term (the “**Term**”) of this Agreement will commence on the Effective Date and, subject to Section 14.1(b), will end on the later of:
 - (i) the Warranty Period (as defined under the IPA) of the last Unit Facility to be constructed under the IPA;
 - (ii) Final Completion of the last Unit Facility to be constructed under the IPA;

- (iii) if one or more of the Unit Facilities comprising the Facility is constructed pursuant to Project Agreement(s) other than the IPA, the later of (A) the expiration of the applicable Warranty Period (as such term is defined under the IPA) of the last Unit Facility to be constructed in respect of the Facility under such other Project Agreement(s) and (B) the Final Completion of the last Unit Facility to be constructed in respect of the Facility under such other Project Agreement(s), and
- (iv) the completion of any Wind-down Work in respect of any Stopped Unit Facility (to the extent applicable),

provided, however, that the Project Manager will commence transitioning the Services to the Operator under the MOMA in respect of any Unit Facility at such time that a Unit Facility achieves Commercial Operation (or such other analogous term if the relevant Unit Facility is not constructed under the IPA).

- (b) Upon the termination of this Agreement in accordance with the terms hereof, the management and administration of all Project Agreements (including the enforcement of all warranties, performance guarantees or any other rights of ProjectCo LP) will be deemed to be fully transitioned to, and under the management of, the Operator under the MOMA.
- (c) This Agreement will automatically terminate upon the termination of either the Lease Agreement or the MOMA prior to the expiration of their respective terms (including all renewals under the Lease Agreement).

14.2 Winding Down

Notwithstanding Section 14.1, upon the termination or expiry of this Agreement:

- (a) as applicable, the Project Manager and ProjectCo LP will take all steps as may be reasonably required to transition the Services and complete any final accounting between them and any other matter contemplated by this Agreement and, without limiting the foregoing, ProjectCo LP will pay all Project Costs paid or incurred by the Project Manager up to the date of termination or expiry in accordance with Article 9 or paid or incurred by the Project Manager as a result of the Project Manager complying with this Section 14.2(a) and Section 14.2(b) (and, for clarity any costs and expenses for which Landlord is responsible under the Lease Agreement, including in respect of its Decommissioning Obligations and Nuclear Waste Management Obligations will be excluded from such costs); and
- (b) as applicable, the Project Manager will continue to provide administration services to ProjectCo GP (acting in its own capacity and in its capacity as managing general partner of ProjectCo LP) and ProjectCo LP following the end of the Term as required to wind-up ProjectCo GP and ProjectCo LP and the affairs thereof,

provided that no termination fee or penalty shall be payable by ProjectCo LP.

14.3 No Other Rights to Terminate

Except as contemplated by Section 14.1(a), the Parties will have no rights or entitlements to terminate this Agreement, including in the event of a material breach, or to accept repudiation of this Agreement by the other Party, and will not exercise, nor purport to exercise, any such right or entitlement except as explicitly set forth in this Agreement.

14.4 Survival of Certain Provisions

Termination or expiration of this Agreement will be without prejudice to, and will not affect, Article 1, Article 4, Article 8, Article 9, Article 11, Article 12, Article 13, Article 14, Article 16, Article 18, Article 19, Article 20, Schedule C and any other provisions of this Agreement which are expressed to survive termination or expiration or which are required to give effect to such provisions which survive termination or expiration, all of which will survive the termination or expiration of this Agreement.

ARTICLE 15 ASSIGNMENT

15.1 Assignment by OPG

- (a) OPG may not Transfer this Agreement (a “**Project Manager Transfer**”) without the prior written consent of ProjectCo LP (which consent may be withheld by ProjectCo LP in its sole and absolute discretion), provided that, and notwithstanding the foregoing, OPG may complete a Project Manager Transfer without the prior written consent of ProjectCo LP in accordance with the following (each, a “**Permitted Project Manager Transfer**”):
 - (i) subject to Section 13.1, section 13.1 of the MOMA and section 5.9(e) of the IESO Payments Agreement, OPG (or its Wholly-Owned Subsidiary if OPG has Transferred its rights, title and interests in and to this Agreement to its Wholly-Owned Subsidiary pursuant to Section 15.1(a)(ii)) is Transferring all of its rights, title and interests in and to this Agreement to a Qualified Successor Project Manager and, concurrently with such Project Manager Transfer,
 - (A) OPG (or its relevant Affiliates) has:
 - (I) sold, assigned, transferred or otherwise disposed of all of its rights, title and interests in and to the IESO Payments Agreement, the OPG ECA and the MOMA in accordance with such agreements (in each case, to the extent such agreement is then in force), and
 - (II) sold, assigned, transferred or otherwise disposed of all of its direct or indirect Equity Interests in ProjectCo LP and ProjectCo GP (and those held by its Affiliates) in accordance with their respective Governing Documents,

in each case, to that Qualified Successor Project Manager (or, in respect of the preceding Section 15.1(a)(i)(A)II, to a designee of such Qualified Successor Project Manager, which designee must be a Wholly-Owned Affiliate of such Qualified Successor Project Manager), and

- (B) the Qualified Successor Project Manager has assumed all of OPG's (or its relevant Affiliates') past, present and future obligations and liabilities under the IESO Payments Agreement, the MOMA, the OPG ECA (in each case, to the extent such agreement is then in force) and this Agreement; or
- (ii) subject to Section 13.1, OPG is Transferring all of its rights, title and interests in and to this Agreement to a Wholly-Owned Subsidiary of OPG, provided that OPG and such Wholly-Owned Subsidiary shall be jointly and severally liable for all of OPG's obligations and liabilities under this Agreement;

and, in each case (items (i) and (ii) above), (w) any Consents to such Project Manager Transfer that are required to be obtained from any Third Party to a material Contract to which ProjectCo LP is party or from any Governmental Authority shall have been obtained, (x) such Project Manager Transfer does not result in a breach of Applicable Laws, (y) upon such Project Manager Transfer, ProjectCo LP would continue to be entitled to receive all ProjectCo LP Revenue, and (z) such assignee agrees to the waiver set forth in Section 11.4, and provided further that OPG shall have provided to ProjectCo LP not less than 30 days' prior Notice of the proposed Project Manager Transfer.

- (b) Notwithstanding Section 15.1(a), the Project Manager may grant a security interest in its interests in this Agreement in favour of a *bona fide* arm's length Third Party commercial lender (or a collateral agent therefor), or in favour of bondholders (or trustee therefor) providing financing to the Project Manager upon obtaining the consent of ProjectCo LP, which consent may not be unreasonably withheld, provided that any realization of such lenders is subject to the terms and conditions of this Agreement.
- (c) In the event that a Permitted Project Manager Transfer is made pursuant to Section 15.1(a)(ii), the Wholly-Owned Subsidiary to which such Permitted Project Manager Transfer is made shall not permit the completion of any transaction that would result in such Person ceasing to be a Wholly-Owned Subsidiary of OPG unless all of such Person's rights, title and interests in this Agreement are first Transferred back to OPG or another Wholly-Owned Subsidiary of OPG in accordance with this Agreement.

15.2 Release of OPG

Upon a Permitted Project Manager Transfer made pursuant to Section 15.1(a)(i), OPG will be irrevocably freed and released from all past, present and future obligations and liabilities under this Agreement without further written agreement of the Parties.

15.3 Assignment by ProjectCo LP

- (a) Any Transfer by ProjectCo LP of this Agreement or ProjectCo LP's interest in this Agreement (each, a "**ProjectCo LP Transfer**") will be prohibited without the prior written consent of OPG, in its sole and absolute discretion.
- (b) Notwithstanding Section 15.3(a), ProjectCo LP may grant a security interest in its interests in this Agreement in favour of a bona fide arm's length Third Party commercial lender (or a collateral agent therefor), or in favour of bondholders (or trustee therefor), providing financing to ProjectCo LP if it first obtains the written consent of OPG, which consent may not be unreasonably withheld or delayed.

15.4 No Release on Transfer

Other than as contemplated by Section 15.2, neither Party will be released from its obligations under this Agreement in connection with any Project Manager Transfer or ProjectCo LP Transfer, as applicable. Any Transfer not expressly permitted by this Agreement will be null and void.

ARTICLE 16 DISPUTES

16.1 Dispute Resolution Procedure

All disputes, disagreements, controversies, questions or Claims arising out of or relating to this Agreement, and all other agreements entered into pursuant to the terms of this Agreement, including with respect to the formation, applicability, breach, termination, validity or enforcement thereof (collectively, "**Disputes**") shall be determined in accordance with Schedule C, which sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of Disputes pursuant to the terms of Schedule C shall be final and binding upon the Parties to this Agreement, and there shall be no appeal therefrom, including any appeal to a court on a question of law, a question of fact, or a question of mixed fact and law. For clarity, any rights of appeal under subsections 45(1), (2) and (3) of the Arbitration Act shall not apply to an arbitration under this Section 16.1 and Schedule C.

16.2 Pendency of Disputes

The existence of a Dispute or the pendency of the dispute settlement or resolution procedures set forth in Section 16.1 and Schedule C shall not in and of themselves relieve or excuse any Party from its ongoing duties and obligations under this Agreement, including any obligation to make any undisputed payment hereunder.

16.3 Specific Performance

The Parties agree that significant damage and irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that remedies at law may be inadequate to protect against a breach of this Agreement. It is accordingly agreed that the Parties shall be each entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, without proof of actual damages, this being in addition to any other remedy to which each Party is entitled at law or in equity, subject to Section 14.3.

ARTICLE 17 REPRESENTATIONS AND WARRANTIES

17.1 ProjectCo LP Representations and Warranties

ProjectCo LP represents and warrants to OPG that:

- (a) ProjectCo LP is a limited partnership formed and validly existing and in good standing under the laws of the Province of Ontario;
- (b) ProjectCo GP is a corporation incorporated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted, on its own behalf and on behalf of ProjectCo LP;
- (c) ProjectCo LP has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by ProjectCo LP;
- (d) this Agreement has been duly authorized, executed and delivered by ProjectCo GP and constitutes a legal, valid and binding obligation of ProjectCo LP, enforceable against ProjectCo LP in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and
 - (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;
- (e) the execution and delivery by ProjectCo LP of this Agreement, and the performance by ProjectCo LP of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:

- (i) ProjectCo GP's Governing Documents;
 - (ii) ProjectCo LP's Governing Documents;
 - (iii) any Applicable Laws; or
 - (iv) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement;
- (f) each of ProjectCo GP and ProjectCo LP is able to meet its financial obligations as they become due;
- (g) ProjectCo LP is registered under Division V of Part IX of the ETA and its registration number is 72850 9969; and
- (h) each of ProjectCo GP and ProjectCo LP is not, and will not be, a Non-Resident.

All of the representations and warranties of ProjectCo LP set forth in this Section 17.1 are true and correct on the Effective Date. ProjectCo LP will provide OPG with Notice if any of the representations and warranties of ProjectCo LP set forth in this Section 17.1 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after ProjectCo LP becomes aware of such falsity or inaccuracy, or immediately if OPG would be prejudiced by any delay in providing such Notice.

17.2 OPG Representations and Warranties

OPG represents and warrants to ProjectCo LP that:

- (a) OPG is a corporation amalgamated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted;
- (b) OPG has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by the Project Manager;
- (c) this Agreement has been duly authorized, executed and delivered by OPG and constitutes a legal, valid and binding obligation of OPG, enforceable against OPG in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and

- (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;
- (d) the execution and delivery by OPG of this Agreement, and the performance by OPG of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:
 - (i) OPG's Governing Documents;
 - (ii) any Applicable Laws; or
 - (iii) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement or provide the Services;
- (e) OPG is able to meet its financial obligations as they become due;
- (f) OPG is registered under Division V of Part IX of the ETA and its registration number is 87866 4226; and
- (g) OPG is not, and will not be, a Non-Resident.

All of the representations and warranties of OPG set forth in this Section 17.2 are true and correct on the Effective Date. OPG will provide ProjectCo LP with Notice if any of the representations and warranties of OPG set forth in this Section 17.2 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after OPG becomes aware of such falsity or inaccuracy, or immediately if ProjectCo LP would be prejudiced by any delay in providing such Notice.

ARTICLE 18 CONFIDENTIAL AND PERSONAL INFORMATION

18.1 Definition of Confidential Information

- (a) For the purposes of this Agreement, "**Confidential Information**" means any information provided by a Party, or its Representatives on behalf of such Party, on the one hand (such Party, the "**Disclosing Party**"), to the other Party, or any of its Representatives on its behalf, on the other hand (such Party, the "**Receiving Party**"), in connection with this Agreement, whether before or after the Effective Date, whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, studies, derivative works, reproductions, copies, extracts, summaries or other documents containing or based upon, in whole or in part, any of the

information listed above in this definition, including the terms of this Agreement, provided, however, “**Confidential Information**” shall not include Personal Information obtained by the Receiving Party (or its Representatives) from the Disclosing Party (or its Representatives) that is controlled by the Receiving Party within the meaning of applicable Privacy Laws. For clarity, if a record that constitutes Confidential Information contains Personal Information, the record (including any Personal Information contained therein) shall remain treated as Confidential Information. For clarity:

- (i) the Licensor is deemed to be the Disclosing Party with respect to all Developed IP and all Intellectual Property Rights licensed to ProjectCo LP pursuant to the IP Rights Agreement;
 - (ii) other than the information set forth in Section 18.1(a)(iv), OPG is deemed to be the Disclosing Party with respect to any information produced, retained or otherwise maintained by the Project Manager in the course of performing the Services;
 - (iii) OPG is deemed to be the Disclosing Party with respect to any Other Documentation; and
 - (iv) ProjectCo LP is deemed to be the Disclosing Party with respect to all Corporate Records.
- (b) Confidential Information will not include any information which the Receiving Party can conclusively establish:
- (i) was already lawfully in the possession of the Receiving Party on a non-confidential basis or lawfully known to the Receiving Party on a non-confidential basis prior to the disclosure of such information by or on behalf of the Disclosing Party;
 - (ii) is or was lawfully and independently developed by the Receiving Party, or on its behalf, by Persons having no access to Confidential Information at the time of such independent development;
 - (iii) is or was, at the time of disclosure, already in the public domain, or subsequently enters the public domain, in each case through no breach of the Receiving Party’s confidentiality obligations under this Agreement: and for clarity, any subsequent publication of the information shall not cure any breach arising from an unauthorized disclosure by the Receiving Party; or
 - (iv) is or was lawfully obtained by the Receiving Party from an independent Person under no legal obligation to maintain the confidentiality of such information.

18.2 Treatment of Confidential Information

- (a) The Receiving Party will maintain the confidential nature of the Confidential Information and will take reasonable steps to protect the Confidential Information from unauthorized use, access and disclosure using at least those measures that it takes to protect its own Confidential Information of a similar nature, but no less than reasonable care. Confidential Information will not be used by the Receiving Party nor published, communicated or otherwise disclosed by the Receiving Party to any Person except (i) as may be required for the Receiving Party to perform its obligations or exercise its rights under this Agreement and in accordance with this Agreement, or (ii) as otherwise permitted in this Agreement, including in Section 18.3.
- (b) ProjectCo LP will not Handle Confidential Information or Personal Information provided by the Project Manager outside of Canada, or permit the same to be done, except to the extent that ProjectCo LP obtains prior approval from OPG, which approval may be withheld in OPG's sole discretion.
- (c) In respect of any Confidential Information disclosed by the Disclosing Party, the Receiving Party will be fully responsible for and liable to the Disclosing Party for any subsequent use or disclosure of the Disclosing Party's Confidential Information not permitted under this Agreement. For clarity and notwithstanding the foregoing, neither Party will be responsible for, or liable to the other Party for, any subsequent use or disclosure of such other Party's Confidential Information in accordance with Sections 18.4(a), 18.4(b) and/or 18.4(c).
- (d) Confidential Information will remain the property of the Disclosing Party, and no licence of any intellectual property rights, or any other right, of the Disclosing Party in respect of its Confidential Information is granted to the Receiving Party by the disclosure of the Disclosing Party's Confidential Information, except as otherwise set out in this Agreement.
- (e) The Receiving Party acknowledges that disclosure of the Confidential Information in contravention of this Article 18 may cause significant damage and irreparable harm to the Disclosing Party and that remedies at law may be inadequate to protect against a breach of this Article 18, and the Receiving Party hereby agrees in advance to the granting of injunctive relief in the Disclosing Party's favour, without proof of actual damages, in addition to any other remedy the Disclosing Party may be entitled to at law or in equity.
- (f) Immediately following (i) the expiration or sooner termination of the term of all of the Facility Documents, or (ii) where OPG is the Receiving Party and there has been a Project Manager Transfer pursuant to Section 15.1(a)(i), at the written request of the Disclosing Party, the Receiving Party will, at the Disclosing Party's option, delete, destroy or return to the Disclosing Party all Confidential Information supplied by or on behalf of the Disclosing Party, no later than 60 days after receiving Notice of such a request therefor, provided that the Receiving Party will

be entitled to retain one copy of such Confidential Information for record keeping purposes and provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having Confidential Information of the Disclosing Party therein (except with respect to its one permitted copy for record keeping purposes).

- (g) In the event that the Receiving Party discloses Confidential Information that is not permitted to be disclosed under this Agreement, the Receiving Party agrees to use commercially reasonable efforts to recover all copies of such Confidential Information and provide Notice to the party receiving such Confidential Information as to the confidential nature of the Confidential Information. In the event that the Disclosing Party inadvertently supplies Confidential Information that the Receiving Party is not entitled to receive under this Agreement, then the Disclosing Party may send Notice to the Receiving Party requesting a return of all copies of such Confidential Information and the Receiving Party agrees to, as far as reasonably practicable, return all copies of Confidential Information provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable delete all e-mails and data files having any copies of such documents therein.
- (h) Notwithstanding anything in Section 18.2(g), in the event that a Receiving Party becomes aware of any theft, loss or unauthorized access, use or disclosure of Confidential Information of the Disclosing Party (a “**Confidentiality Incident**”), the Receiving Party shall (i) promptly, and in any event within 24 hours, notify the Disclosing Party of the Confidentiality Incident and promptly share any information reasonably requested by the Disclosing Party with respect to the Confidentiality Incident during the course of the response to the Confidentiality Incident, (ii) work to promptly contain and remediate the Confidentiality Incident, and (iii) cooperate with the Disclosing Party’s reasonable requests in the Disclosing Party’s efforts to mitigate its risks or harms arising from the Confidentiality Incident. The Parties acknowledge and agree that (A) communications between each other with respect to a Confidentiality Incident are for the purpose of the Parties receiving legal advice with respect to the Confidentiality Incident and its risks, and (B) such communications are subject to the common-interest exception to the waiver of privilege.
- (i) Where the Disclosing Party anticipates disclosing Confidential Information of a particularly sensitive nature to the Receiving Party, the Disclosing Party can request that the Receiving Party apply certain safeguards to the information in question. The Receiving Party will follow the request except that it can refuse part or all of such a request where the request is not commercially reasonable or impossible in the circumstances.

18.3 Disclosure of Confidential Information

- (a) Notwithstanding Section 18.2, a Receiving Party may disclose Confidential Information of the Disclosing Party:
- (i) (A) to its Affiliates, partners and shareholders and other direct or indirect holders of Equity Interests in its Affiliates, partners or shareholders, and each of its and their respective Representatives, in each case who have a need to know in respect of the performance of the Receiving Party's obligations or exercise of the Receiving Party's rights under this Agreement or otherwise in connection with their direct or indirect investment in ProjectCo LP or ProjectCo GP, (B) in the case of OPG or any Crown corporation or other agency of the Province of Ontario that directly or indirectly holds Equity Interests in a partner of ProjectCo LP or a shareholder of ProjectCo GP, to the Province of Ontario, the Government of Ontario, any Ministry thereof and any of their respective Representatives who have a need to know in respect of the performance of the Receiving Party's obligations or the exercise of the Receiving Party's rights under this Agreement or otherwise in connection with their direct or indirect investment in ProjectCo LP, and (C) in the case of any partner of ProjectCo LP or Shareholder Controlled by the Government of Canada, to its investment manager, any of its Affiliates and each of its and their respective Representatives, in each case who have a need to know for the purposes of managing a direct or indirect investment in ProjectCo LP or ProjectCo GP and any ancillary purposes thereto; provided that, in each case, such Person has been informed of the Receiving Party's confidentiality obligations hereunder and is under obligations substantially similar to, and at least as stringent as, the Receiving Party's own confidentiality obligations hereunder;
 - (ii) as required by Applicable Laws, provided that, where permitted by Applicable Laws, prior to any such disclosure, the Disclosing Party will be promptly notified by the Receiving Party of the proposed disclosure and the Receiving Party will, at the Disclosing Party's request, take reasonable steps to allow the Disclosing Party, at the Disclosing Party's sole cost and expense, to contest the requirement for disclosure and/or limit the disclosure of Confidential Information to only such portions as are required by Applicable Laws or to obtain an order or ruling to preserve the confidentiality of such Confidential Information;
 - (iii) except and to the extent that legal privilege applies to such Confidential Information, as necessary in connection with any Dispute so long as such disclosure is made on a confidential basis in accordance with the Dispute Resolution Procedure or as necessary in connection with any Third Party Claim in respect of this Agreement;

- (iv) in the case of OPG, to the Project Manager Parties and the Project Manager Personnel and personnel (including consultants, agents, personnel, staff, augmented staff, labour and other directors, officers and employees) of the Project Manager Parties, in each case, if required in connection with the Leased Premises, the Facility or the Services, provided that OPG has informed such Persons of its confidentiality obligations hereunder and such Persons will have entered into a written agreement with, or covenanted in favour of, OPG to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder;
- (v) to the extent necessary, to any financial institution or other Person from whom equity or debt financing is being sought (including any guarantor or provider of guarantee programs with respect to such debt financing) and to their respective Representatives in connection with any proposed equity or debt financing to be obtained or sought by the Receiving Party or any of its partners or shareholders in respect of the Facility (including as equity investor or lender to a direct or indirect holder of an Equity Interest in the partners of ProjectCo LP or shareholders of ProjectCo GP), provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (vi) to the extent necessary, to the IESO or any Crown corporation or other agency of the Province of Ontario that enters into a power purchase agreement, a contract for differences or other similar Contract for the sale of electricity with the Receiving Party for all purposes of such Contract, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (vii) to the extent necessary, to the Transmission Company and any local distribution company, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;

- (viii) to the OEB, including the OEB's staff, and to any Representatives of OEB-approved regulatory Proceeding intervenors, provided that the Receiving Party uses commercially reasonable efforts to request that Confidential Information be given confidential treatment by the OEB in an OEB regulatory Proceeding if warranted in the circumstances (in the reasonable judgement of OPG, consistent with the OEB's then current practice directions, policies or guidance on confidential filings and OPG's own practices in respect of the treatment of its own confidential information by the OEB);
 - (ix) to any Governmental Authority, in connection with obtaining and/or maintaining the Permits, provided, however, that the Receiving Party shall label documents or correspondence containing such Confidential Information as subject to exemption from further disclosure under Access Laws, where reasonably applicable;
 - (x) to the extent necessary, to any nuclear industry organization to which OPG is a member (including WANO), provided that such organization has been informed of OPG's confidentiality obligations hereunder and agrees in writing to hold such Confidential Information confidential on terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder; and
 - (xi) to the extent necessary, to any potential purchaser, lessee or transferee of the Facility or any potential purchaser of any direct or indirect Equity Interests in the Receiving Party, to any lender in connection with the financing thereof, and, in each case, to their respective Representatives, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder.
- (b) The Receiving Party shall be responsible to the Disclosing Party for any failure to perform or observe, or any breach of, an obligation of the Receiving Party set forth in this Article 18 by any Person to whom such Receiving Party has disclosed Confidential Information. For the purposes of this Article 18, if the Disclosing Party discloses Confidential Information to a Representative of the Receiving Party directly, the Receiving Party shall be deemed to have disclosed such Confidential Information to such Representative.

18.4 Freedom of Information and Protection of Privacy Act and Access to Information Act

- (a) The Parties acknowledge and agree that: (i) OPG, the Province of Ontario, ProjectCo LP, and other Persons, are or may be subject to Access Laws; and (ii)

OPG, the Province of Ontario, ProjectCo LP and other Persons subject to Access Laws will be permitted, subject to Section 18.4(b) in respect of the Parties, to disclose Confidential Information where required under such Access Laws notwithstanding anything else in this Article 18. The confidentiality covenants contained in this Agreement are expressly subject to any and all obligations and requirements that may exist or may in the future arise under Access Laws, including all disclosure obligations.

- (b) A Party that receives a request under an Access Law that impacts the Confidential Information of the other Party will, in accordance with the requirements of Access Laws, advise the impacted Party of the request and provide the impacted Party with an opportunity to make submissions as to why the Confidential Information is exempt from disclosure under the Access Law.
- (c) The Parties acknowledge and agree that the ATIA may apply to Confidential Information disclosed by a Party to the CNSC. The Receiving Party will take commercially reasonable measures to preserve the confidentiality of any Confidential Information disclosed by such Receiving Party to the CNSC, including by ensuring that any such Confidential Information disclosed to the CNSC is clearly marked as confidential.
- (d) The provisions of this Section 18.4 will prevail over and in lieu of any other applicable provisions in this Agreement that conflict with the provisions of this Section 18.4.

18.5 Personal Information

- (a) For the purposes of this Agreement, “**Personal Information**” means any information that is both (i) about an identifiable individual or otherwise governed by Applicable Laws relating to privacy, and (ii) under the possession, custody or control of a Party or Handled by that Party or its Representatives on behalf of that Party in connection with the Services or a Party’s obligations under this Agreement.
- (b) Each Party will Handle and safeguard Personal Information in accordance with Applicable Laws, including Applicable Laws governing privacy and the security of Personal Information (“**Privacy Laws**”).
- (c) Each Party will promptly inform the other Party of any loss, theft or accidental or unauthorized Handling of Personal Information that may materially impact the other Party or the Services. The Parties will cooperate on any response, investigation or mitigation or steps related thereto.
- (d) Each Party is responsible for their respective compliance with Privacy Laws, and will cooperate in good faith with the other Party in their respective efforts to comply with Privacy Laws in connection with this Agreement. Each Party will provide in a timely manner, all necessary and reasonable information and co-operation to the other Party and to any Governmental Authorities with jurisdiction or oversight over Privacy Laws in connection with any investigations, audits or inquiries made by

any such Governmental Authorities under Privacy Laws relating to the Handling of Personal Information in connection with the Services or any Party's rights and obligations under this Agreement.

- (e) To the extent of any conflict or inconsistency between this Section 18.5 and Section 18.2 or Section 18.3, this Section 18.5 will prevail.

18.6 US Export Control

- (a) In this Section 18.6, and notwithstanding any provision in this Agreement to the contrary:
 - (i) **“Authorized Third Party”** means a representative of the Receiving Party who needs to know Restricted Information for the purpose of performing the Receiving Party's obligations under this Agreement.
 - (ii) **“DOE-Controlled Information”** means non-public technology or assistance covering nuclear fuel fabrication (including preparation of fuel elements, fuel assemblies and cladding thereof) and commercial nuclear reactor development, production, or use of the components within or attached directly to the reactor vessel, the equipment that controls the level of power in the core, and the equipment or components that normally contain or come in direct contact with or control the primary coolant of the reactor vessel, or any equipment or material especially designed or prepared for such activities (see 10 C.F.R. §§ 810.2(b)(3), (5) and (9), as may be amended in the future) (for clarity, additional information is subject to DOE export controls, see, e.g., 10 C.F.R. §§ 810.2(b)(1), (2), (4), (6), (7), and (8), but will not be exchanged under this Agreement). The terms “development,” “production,” and “use” are defined in Part 810. DOE-Controlled Information could be in the form of blueprints, plans, diagrams, models, formulae, tables, engineering designs, specifications, manuals, and instructions written or recorded on other media or devices such as disks, tapes, read-only memories, computational methodologies, algorithms, and computer codes that can directly or indirectly affect the production of special nuclear material or through assistance as defined in Part 810. DOE-Controlled Information also can be transferred through visual observation.
 - (iii) **“Modified Retransfer Assurances”** has the meaning given in Section 18.6(c).
 - (iv) **“NNSA”** means the U.S. Department of Energy's National Nuclear Security Administration.
 - (v) **“representatives”** of a Person means any Subcontractor of such Person, or shareholder of such Person, or (in respect of the Project Manager only) contractor or subcontractor of the Project Manager and any director, officer, employee, secondee or augmented staff who are under the direction and control of that Person, representative, agent, consultant or advisor

(including financial advisors, technical advisors, legal counsel, accountants and auditors) of that Person or of any such Subcontractor or shareholder or (in respect of the Project Manager only) contractor or subcontractor of the Project Manager.

- (vi) **“Restricted Information”** has the meaning given in Section 18.6(b).
- (b) The Parties acknowledge that the subset of Confidential Information that is of a technical nature or technical assistance, including DOE-Controlled Information (collectively, **“Restricted Information”**) that is disclosed by a Disclosing Party or its representatives in connection with this Agreement will, at all times, be subject to the Export Control Regulations. Each Receiving Party will, and will cause its representatives, Authorized Third Parties and their respective representatives to, comply with the Export Control Regulations applicable to the Restricted Information.
- (c) The Parties acknowledge that (i) the NNSA is allowing the use of modified retransfer assurances for the transfer of Restricted Information that is DOE-Controlled Information from United States companies to the Project Manager (which modified retransfer assurances were approved by the NNSA, for the Project Manager, on September 16, 2021, as reflected in Section 18.6(d), and as may be amended, restated, or replaced by the NNSA from time to time, the **“Modified Retransfer Assurances”**), and (ii) the Project Manager is permitted to flow down the Modified Retransfer Assurances, including to ProjectCo LP provided that ProjectCo LP is bound by the restrictions described in Section 18.6(d).
- (d) The Parties acknowledge and agree that, in respect of any Restricted Information of the Project Manager or any of its Affiliates that is provided by the Project Manager directly, or through any of the Project Manager’s Affiliates or representatives (or representatives of such Affiliates), to ProjectCo LP or any of its representatives (whether in paper, electronic, digital or any other form or media), compliance with the United States’ Export Control Regulations will be satisfied through compliance with the Modified Retransfer Assurances. For clarity, compliance with the Modified Retransfer Assurances for any Restricted Information of the Project Manager or any of its Affiliates that is provided by the Project Manager directly, or through any of the Project Manager’s Affiliates or representatives (or representatives of such Affiliates), (whether in paper, electronic, digital or any other form or media) to the Project Manager or through the Project Manager to ProjectCo LP or any of its representatives requires only the following:
- (i) ProjectCo LP will treat the Restricted Information in a manner, and with a duty of care that is no less than how it treats its confidential information, and in any event, no less than a reasonable duty of care;
- (ii) ProjectCo LP will share, transfer, or otherwise provide access to Restricted Information only to those of its directors, officers, employees, and secondees and augmented staff who are under ProjectCo LP’s direction and

control who need access to such Restricted Information in connection with the Facility or the Services (for clarity, Restricted Information will not be generally accessible to all employees of ProjectCo LP); and

- (iii) ProjectCo LP will share, transfer, or otherwise provide access to Restricted Information to any of its representatives or Authorized Third Parties that are not individuals only if such representative or Authorized Third Party needs such Restricted Information or access in connection with the Facility or the Services and provided that such representative or Authorized Third Party:
 - (A) is incorporated, formed or organized in Canada, the United States, or a country listed in Appendix A to Part 810 other than Chile or the Ukraine;
 - (B) provides such Restricted Information or access to only those of its representatives that need access to such Restricted Information in connection with the Facility or the Services, as the case may be; and
 - (C) enters into an agreement with ProjectCo LP confirming that (I) it will comply with this Section 18.6, and (II) the obligations set out in this Section 18.6 will be continually flowed down in any other agreement under which such representative or Authorized Third Party could similarly provide Restricted Information to its counterparties, suppliers, contractors and subcontractors of any tier (and their directors, officers, employees, and secondees and augmented staff who are under their direction and control) in connection with the Facility or the Services, as the case may be.
- (iv) ProjectCo LP will notify the Project Manager of the representatives or Authorized Third Parties that are not individuals to which ProjectCo LP has shared, transferred, or otherwise provided access to Restricted Information within 30 days thereof. In order to facilitate the foregoing, ProjectCo LP will require its Subcontractors and/or representatives to provide this information to ProjectCo LP, as applicable, within the required period, and ProjectCo LP will promptly provide such information to the Project Manager within the required period in order to permit the Project Manager to comply with this Section 18.6(d)(iv).
- (v) The phrase “through the Project Manager to ProjectCo LP” is intended to cover ProjectCo LP, in their capacity as contractual counterparties to the Project Manager and in connection with the Facility and the Services, receiving Restricted Information during phone calls, in-person meetings, or electronic exchanges, including electronic technical collaboration sites to which access is controlled by the Project Manager.
- (e) The obligations of the Parties under this Section 18.6 will survive any termination or expiration of this Agreement.

18.7 Canadian Import and Export Controls

- (a) In addition to the obligations in Section 18.6, the Project Manager will:
- (i) apply for, obtain, maintain and comply with all Permits required under Canadian Applicable Law with respect to the import into, export from, possess in or transfer in Canada of any Nuclear Substance, equipment or information related to the Facility by the Project Manager and/or any of its Affiliates (“**Canadian Control Permits**”);
 - (ii) ensure that each the Project Manager’s Subcontractors or any other Person (except for the Project Manager or any of its Affiliates) that directly or indirectly will receive in, import into, export from, possess in or transfer in Canada any Nuclear Substance, equipment or information related to the Facility either,
 - (A) are entitled due to an exemption or otherwise to rely on the Project Manager’s Canadian Control Permits for such purposes; or
 - (B) such Subcontractors or other Persons (except for the Project Manager or any of its Affiliates) that directly or indirectly will receive in, import into, export from, possess in or transfer in Canada any Nuclear Substance, equipment or information related to the Facility has obtained, maintained and complied with all necessary Permits for such reception, import, export, possession or transfer and such Permits do not contain reporting obligations beyond those in the Canadian Control Permits held by the Parties; and
 - (iii) cooperate with ProjectCo LP, to the extent necessary, to ensure ProjectCo LP’s compliance with the reporting obligations under its Canadian Control Permits.

18.8 Compliance with the IPA

The Parties acknowledge that certain Confidential Information is also subject to the covenants, restrictions and obligations concerning the Handling of confidential information set forth in the IPA. With respect to such Confidential Information, the provisions of this Agreement are subject to the terms of the IPA and, in the event of any conflict between any provision of this Agreement and the IPA concerning such Confidential Information, the provisions of the IPA shall prevail.

ARTICLE 19 NOTICES

19.1 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by e-mail or by delivery as hereafter provided. Any such notice or other

communication will be deemed to have been received (i) if transmitted by e-mail before 5:00 pm (Toronto time) on a Business Day, on the date of such transmission and if not transmitted before such time, the next Business Day and (ii) if delivered by hand, at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section 19.1. Notices and other communications will be addressed as follows:

- (a) if to OPG or the Project Manager:

Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7
Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

- (b) if to ProjectCo LP:

c/o
Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7
Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any Party pursuant to or in connection with any arbitration procedures contained in the Dispute Resolution Procedure may only be delivered by hand.

The failure to send or deliver a copy of a notice or other communication to a Party's counsel, as the case may be, shall not invalidate such notice or other communication given under this Section 19.1.

ARTICLE 20

GENERAL PROVISIONS

20.1 Time of the Essence

Time is of the essence of this Agreement, provided that the Parties agree that this Agreement may not be terminated other than in accordance with Section 14.1.

20.2 Third Party Beneficiaries

- (a) Except as provided in this Section 20.2, this Agreement is for the sole benefit of the Parties and nothing herein, express or implied, is intended to or shall confer upon any other Person, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- (b) It is the intention of ProjectCo LP to constitute OPG as a trustee for the Project Manager Indemnitees and OPG's Connected Persons not a party to this Agreement of the obligations, covenants, acknowledgements, waivers and releases of ProjectCo LP (on behalf of itself, its Connected Persons and/or the ProjectCo LP Indemnitees) to the benefit of the Project Manager Indemnitees and OPG's Connected Persons under this Agreement, and OPG agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.

- (c) It is the intention of OPG to constitute ProjectCo LP as a trustee for the ProjectCo LP Indemnitees and ProjectCo LP's Connected Persons not a party to this Agreement of the obligations, covenants, acknowledgements, waivers and releases of OPG (on behalf of itself, its Connected Persons and/or the Project Manager Indemnitees) to the benefit of the ProjectCo LP Indemnitees and ProjectCo LP's Connected Persons under this Agreement, and ProjectCo LP agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.

20.3 Governing Law

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Province of Ontario.
- (b) All Disputes are to be determined in accordance with Article 16. Except as otherwise provided in Article 16, each of the Parties acknowledges and agrees it has elected to submit to a court of competent jurisdiction in the Province of Ontario and each Party hereto irrevocably and unconditionally attorns and submits to the jurisdiction of such courts. Each Party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to the bringing of any such Proceeding in any such court, including any objection that the place where such court is located is a forum *non conveniens* or that there is any other Proceeding in any other place relating in whole or in part to the same subject matter. Each Party hereto agrees that any judgment or order in any such Proceeding brought in such a court shall be conclusive and binding upon it and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a Proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders, provided that service of any required process is effected upon it in the manner specified in Section 19.1 or as otherwise permitted by Applicable Laws.
- (c) The Parties confirm that it is their express wish that this Agreement, as well as any other documents relating to this Agreement, including Notices, Schedules and authorizations, have been and will be drawn in the English language only. *Les parties aux présentes confirment leur volonté expresse que cette convention, de même que tous les documents s'y rattachant, y compris tous avis, annexes, pièces et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

20.4 Entire Agreement

The Facility Documents constitute the entire agreement between the Parties pertaining to the subject matter of the Facility Documents and supersede all other prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof

and thereof. There are no warranties, conditions, or representations (including negligent misrepresentations and any that may be implied by statute) and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in the Facility Documents. No reliance is placed on any warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into the Facility Documents by any Party or any of its Representatives, to the other Party or any of its Representatives, except to the extent that the same has been reduced to writing and included as a term of the Facility Documents and no Party has been induced to enter into the Facility Documents or any amendment or supplement by reason of any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact. Accordingly, there shall be no liability, whether at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, assessed in relation to any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.

20.5 Amendment and Modification

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

20.6 Waiver

No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

20.7 Further Assurances

Each Party will promptly do, take, execute or deliver or cause to be done, taken, executed or delivered all such further acts, steps, deeds, documents, assurances and things as the other Party may reasonably require from time to time for the purpose of giving effect to this Agreement and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

20.8 Limited Liability of Partners

OPG acknowledges and agrees that (a) ProjectCo LP is a limited partnership formed under the laws of the Province of Ontario, the general partners of which are (i) FinanceCo LP, and (ii) ProjectCo GP; and (b) in the event of any Claim in connection with this Agreement, in no event will OPG have any recourse against the assets of any Person (including a general

partner or limited partner of ProjectCo LP or any current or former Representative thereof), other than recourse against the assets of ProjectCo LP itself and the assets of ProjectCo GP.

20.9 Waiver of Sovereign Immunity

Any Party that has a right to claim sovereign immunity for itself or any of its assets hereby waives any such immunity to the fullest extent permitted by Applicable Laws. This waiver includes immunity from: (a) any expert determination, or arbitration proceedings commenced pursuant to this Agreement; (b) any judicial, administrative or other proceedings to aid the expert determination or arbitration commenced pursuant to this Agreement; and (c) any effort to confirm, enforce or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from an arbitration or any judicial or administrative proceedings commenced pursuant to this Agreement. Each Party acknowledges that its rights and obligations hereunder are of a commercial nature and not a governmental nature. The Parties acknowledge and agree that, as of the Effective Date, OPG does not have the right to claim sovereign immunity for itself or any of its assets under Applicable Laws.

20.10 Successors and Assigns

This Agreement will be binding upon and enure to the benefit of the Parties and, to the extent permitted hereunder, their respective successors and assigns.

20.11 Counterparts

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of page intentionally left blank.]

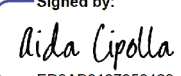
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized officer or officers as of the date first written above.

DNNP LP, by its managing general partner,
DNNP GP INC.

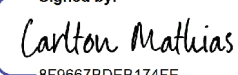
By:  Signed by:

 02F1E7296ABE4E2...
 Name: James Brewer
 Title: President

**ONTARIO POWER GENERATION
 INC.**

By:  Signed by:

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 Name: Aida Cipolla
 Title: Chief Financial Officer &
 Chief Administrative Officer

By:  Signed by:

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 Name: Carlton Mathias
 Title: Chief Legal, ESG and
 Governance Officer

SCHEDULE A SERVICES

ProjectCo LP will retain the Project Manager to provide all of the design, development and construction services (other than those provided under the MOMA, the IESO Payments Agreement or the Lease Agreement, while in effect and except with respect to any Related Party Claim and the exercise of any rights set forth in Exhibit D-1 of Schedule D), as may be necessary or advisable for ProjectCo LP to carry on its business, including:

1. IPA Services

- (a) Performing all obligations, and enforcing all rights and remedies, of the “Owner” and ProjectCo LP under the IPA, for and on behalf of ProjectCo LP.
- (b) Performing, as agent and nominee of ProjectCo LP, some or all of the “Owner’s” obligations under the IPA relating to the commissioning of the Facility, including, without limitation, some or all of:
 - (i) providing the Project Manager Personnel to serve of the Commissioning and Turnover PMT (as defined in the IPA);
 - (ii) carrying out the commissioning of the Facility; and
 - (iii) reviewing Turnover Information Packages (as defined in the IPA).
- (c) Meeting all commitments, to the extent applicable to the Project Manager, under the DNNP Commitments Report.
- (d) Acting as the “integrator” by managing and coordinating all Non-Owner Parties and other vendors outside of the IPA and holding overall delivery accountability over the Facility.

2. Licencing and Regulatory Interface

- (a) Holding the CNSC licence to construct in respect of the Facility and performing (or causing the performance of) all obligations for ongoing compliance with such CNSC licence to construct.
- (b) Leading and holding all licencing submissions and ongoing interface with the CNSC for construction-phase regulatory deliverables and conditions.
- (c) Managing and performing all activities (including any Proceedings) in connection with import and export control regulations related to the design and construction of the Facility and the provision of the Services.

3. Contracts, Procurement and Commercial Oversight

- (a) Performing all procurement activities, approving commercial terms, and managing all vendor contracts in respect of the Facility;
- (b) Managing, negotiating and approving or rejecting change orders and variation requests from vendors and Subcontractors;
- (c) Managing accounts payable to vendors and making all payments to vendors and Subcontractors in connection with the Services; and
- (d) Managing commercial risk tracking and allocation.

4. **Engineering Oversight and Technical Governance**

- (a) Providing design governance, technical acceptance criteria, engineering change control and QA/QC of vendor designs (including the BWRX-300 technology interface).

5. **Construction, Commissioning and Site Integration Oversight**

- (a) Overseeing site preparation, construction sequencing, commissioning plans and acceptance testing to validate readiness for Commercial Operation.
- (b) Performing all of “Owner’s” obligations under the IPA in respect of Commissioning (as defined under the IPA).

6. **Operator Training & Pre-operations Readiness**

- (a) Providing operator training programs, staffing and workforce readiness activities (simulators, procedures, licensing of personnel) required prior to the Commercial Operation Date.

7. **Stakeholder and Indigenous Obligations during Construction**

- (a) Leading Indigenous Group consultation and community/stakeholder engagement
- (b) Tracking and managing environmental mitigation commitments and public communications.

8. **Human Resources and Professional Services**

- (a) Employing Project Manager Personnel for the provision of the Services in accordance with this Agreement.
- (b) Retaining and managing professional services for ProjectCo LP, including tax, accounting, engineering, environmental and legal services to the extent necessary or advisable in connection with the Facility or the Services.

9. **Wind-Down Work**

- (a) Performing any Wind-down Work (to the extent directed by ProjectCo LP).

SCHEDULE B INSURANCE REQUIREMENTS

#	Line of Coverage	Insurer	Policy Number	Policy Period	Minimum Material Limit Structure	Maximum Material Deductible/Retention Structure	Named Insured
1.	<u>Builders All Risk</u>						OPG – all subsidiaries, and all contractors of all tiers, whilst engaged in project work
2.	<u>Wrap Up</u>						OPG – all subsidiaries, and all contractors of all tiers, whilst engaged in project work
3.	<u>CPL</u>						OPG – all subsidiaries, and all contractors of all tiers, whilst engaged in project work

SCHEDULE C DISPUTE RESOLUTION PROCEDURE

DEFINITIONS

1. In this Schedule C, capitalized terms not otherwise defined in this Schedule C will have their respective meanings as set forth in the ADRIC Rules (as defined below) or the Agreement, as applicable, and the following capitalized terms have the meanings given below:
 - (a) “**ADRIC Rules**” means the ADR Institute of Canada, Inc. Arbitration Rules applicable to the arbitration pursuant to paragraph 2;
 - (b) “**Answer to the Notice of Arbitration**” means the response to a Notice of Arbitration to be provided by the Respondent(s) in accordance with the ADRIC Rules;
 - (c) “**Arbitrator**” means the arbitrator appointed pursuant to paragraph 12;
 - (d) “**Claimant**” means any Party that commences an arbitration pursuant to paragraph 7;
 - (e) “**Consolidation Arbitrator**” has the meaning attributed thereto in paragraph 17(b);
 - (f) “**Hearing**” means the hearing on the merits of the Dispute;
 - (g) “**Notice of Arbitration**” means the written notice a Claimant delivers to each of the Respondents in accordance with the ADRIC Rules to commence an arbitration pursuant to paragraph 7;
 - (h) “**Objection**” means the Respondent(s)’ objection to the Claimant’s Arbitrator nominee pursuant to paragraph 12;
 - (i) “**paragraph**” means a paragraph of this Schedule C;
 - (j) “**Party**” means a party to a Dispute and “**Parties**” means the parties to the Dispute;
 - (k) “**Respondent**” means a Party who is not the Claimant, and the term “**Respondents**” shall, where there is only one Respondent, refer to that Respondent;
 - (l) “**Senior Leaders Meeting**” has the meaning attributed thereto in paragraph 10; and
 - (m) “**Tribunal**” means the three arbitrators appointed pursuant to paragraph 12.

GENERAL

2. All Disputes which are to be determined according to the terms of this Schedule C pursuant to Article 16 of the Agreement shall be resolved by final and binding arbitration under the ADR Institute of Canada, Inc. Arbitration Rules (the “**ADRIC Rules**”) in force at the time

that the Notice of Arbitration is served, except to the extent that the ADRIC Rules are modified by the provisions of the Agreement or this Schedule C.

3. The seat of the arbitration shall be Toronto, Ontario.
4. The language of the arbitration shall be the English language.
5. All Hearings shall be conducted in Toronto, Ontario. Case conferences shall be held virtually, unless the Parties agree otherwise or the Arbitrator or Tribunal orders a case conference in person. Any case conference or Hearing, or portion thereof, may be held virtually if agreed by the Parties or so decided by the Arbitrator or Tribunal.
6. All notices or other communications required or permitted to be given under this Schedule C to a Party shall be given in the manner specified in Article 19 of the Agreement. All notices or other communications and all other documents required or permitted by this Schedule C to be given by the Parties to the Arbitrator or Tribunal shall be given in accordance with the Arbitrator's or Tribunal's instructions.

COMMENCEMENT OF ARBITRATION AND ESCALATION MECHANISM

7. A Party shall commence an arbitration as Claimant by delivering a written notice of arbitration (the "**Notice of Arbitration**") to each Respondent in accordance with the ADRIC Rules.
8. A Party may deliver a single Notice of Arbitration and commence a single arbitration with respect to a Dispute or Disputes arising out of, or relating to, more than one of the Facility Documents, regardless of whether the Dispute or Disputes under the separate Facility Documents are factually or legally related.
9. The Notice of Arbitration shall include the name of the person the Claimant nominates as an arbitrator. If there are two or more Claimants, they shall jointly nominate an arbitrator; if they are unable to agree on an arbitrator, any such Claimant may request ADRIC to nominate the arbitrator.
10. Within 30 days of service of the Notice of Arbitration, senior leaders of the Parties will meet at least once to discuss resolution of the dispute (a "**Senior Leaders Meeting**"). The arbitration shall be suspended during this 30-day period. Unless the Dispute has been resolved or the period for these discussions is extended by agreement of the Parties, once the 30 day period expires, the remaining arbitration procedures will continue. If a Party refuses to attend such a meeting, the remaining arbitration procedures will continue on expiry of the 30 day period set out in this paragraph.
11. The Respondent(s) shall serve an Answer to the Notice of Arbitration within 21 days after the date of expiry of the period for the Senior Leaders Meeting.

APPOINTMENT PROCEDURE

12. Where an arbitrator has been nominated by the Claimant(s) in its/their Notice of Arbitration, as provided for by paragraph 9, the arbitrator shall be appointed as the sole Arbitrator to resolve the Dispute unless, within 21 days after the period for Senior Leaders Meeting expires, by notice to the Claimant(s), a Respondent objects to the Claimant's/Claimants' appointee (the "**Objection**"). In the event of such an objection, the arbitration will be decided by a three-member tribunal (the "**Tribunal**") appointed as follows:
- (a) the Claimant(s) will appoint a co-arbitrator within 10 days of the Objection. The Claimant(s) may appoint the same individual it/they originally nominated as the sole arbitrator as its/their co-arbitrator. If there are two or more Claimants, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Claimant may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (b) the Respondent(s) will appoint a co-arbitrator within 10 days of the Claimant(s)' arbitrator appointment. If there are two or more Respondents, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Respondent may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (c) the Parties will confer to jointly appoint a third arbitrator to chair the Tribunal within 10 days from the Respondent(s)' arbitrator appointment;
 - (d) if no agreement is reached by the Parties regarding appointment of the chair of the Tribunal within 10 days of the Respondent(s)' arbitrator appointment, unless the Parties agree to extend that timeline, the two Party-appointed arbitrators will appoint an arbitrator to chair the Tribunal within a further 10 days; and
 - (e) if no agreement is reached by the Party-appointed arbitrators regarding appointment of the chair of the Tribunal within the further 10 day period specified above, unless the Parties agree to extend that timeline, either Party may request ADRIC to appoint the chair of the Tribunal.

HEARING AND AWARD

13. The Hearing shall take place at a date, time and place fixed by the Arbitrator or Tribunal within 270 days of the appointment of the Arbitrator or Tribunal, or at such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.
14. The Arbitrator's or Tribunal's award on the merits of the Dispute shall be delivered within 90 days of the conclusion of the Hearing, or by such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

CONFIDENTIALITY

15. The Parties desire that any Dispute should be conducted in strict confidence and that there shall be no disclosure to any Person of the existence of the Dispute or any aspect of the Dispute except as set out in this paragraph 15.

All matters relating to, all information and evidence presented in the course of, all submissions made in the course of, and all documents produced in accordance with a Proceeding under this Schedule C or any order of the Arbitrator or Tribunal or created in the course of or for the purposes of an arbitration, as well as any arbitral award, shall be kept confidential and shall not be disclosed to any Person except where such material constitutes Confidential Information under Section 18.1 of the Agreement and disclosure is permitted pursuant to Section 18.3(a) or Section 18.4(a) of the Agreement and except in the following circumstances, in which case the Parties also agree to use commercially reasonable efforts to try to obtain confidentiality orders or other confidentiality protections appropriate in the applicable context:

- (a) as is necessary for the resolution of the Dispute, as set out above in this paragraph 15;
 - (b) in connection with an application of a Party to set aside an arbitral award under section 46 of the Arbitration Act;
 - (c) as required to enforce an arbitral award;
 - (d) as required or permitted by Applicable Laws;
 - (e) by an order of an Arbitrator or Tribunal made pursuant to a motion or application on notice to all Parties; or
 - (f) for any other reason, with the prior written consent of all Parties, which reason may include such disclosure being required by a Party for pursuit or defence of a legal right or obligation (including with respect to Third Parties and Third Party Claims, as defined in the Agreement, or as required by a Party's insurer), in which case no Party shall unreasonably withhold or delay its consent.
16. The Parties acknowledge that certain information involved in or relevant to a Dispute may be considered DOE-Controlled Information (as defined in Section 18.6 of the Agreement) and they will establish appropriate information protocols in such event, including in relation to any discovery and production processes.

CONSOLIDATION AND JOINDER

17. The Parties agree that the Facility Documents are substantially related and that it is in the interests of justice and efficiency that Disputes under two or more of them be resolved by a single Arbitrator or Tribunal whenever possible. To this end, the Parties agree that:

- (a) In the event that two or more Disputes under any of the Facility Documents are not advanced in the same Notice of Arbitration, the Parties to the subject Disputes may, acting reasonably in view of the just and efficient resolution of the Disputes, consent to consolidate the separate arbitrations on such terms as they may agree. In the event that a Party proposes consolidation of a Dispute in connection with an asserted legal right or obligation of one or all of the Parties, whether or not related to the Facility Documents, the Parties may, in their discretion, agree to consolidation.
- (b) In the event that all of the Parties to the separate arbitrations do not consent to their consolidation, any Party to one of the subject arbitrations may serve a Notice of Arbitration to have the question of whether the subject arbitrations should be consolidated determined by final and binding arbitration by a sole arbitrator, who shall act as the consolidation arbitrator (“**Consolidation Arbitrator**”). The Parties to the subject arbitrations will agree on who shall serve as Consolidation Arbitrator. If the relevant Parties are unable to agree on the Consolidation Arbitrator, any such Party may request ADRIC to appoint the Consolidation Arbitrator. Paragraphs 3 to 6 shall apply to any Proceeding under this paragraph 17(b). Any Proceeding conducted by a Consolidation Arbitrator so appointed shall occur under ADRIC’s Expedited/Simplified Procedure unless otherwise agreed by the Parties to such Proceeding. The Consolidation Arbitrator shall determine whether the separate arbitrations should be consolidated in whole or in part based on what is just and efficient, taking into account, among other things, the identities of the Parties to the separate arbitrations, the degree to which the factual and legal issues raised in two arbitrations are interconnected, the degree to which the two arbitrations are at different procedural stages, any interest in avoiding a multiplicity of proceedings and inconsistent results and the relevant Parties’ confidentiality concerns, if any. The jurisdiction of the Consolidation Arbitrator appointed under this paragraph 17(b) shall be limited to determining whether to consolidate the separate arbitrations and any decisions related to the practical implementation of such consolidation. In the event consolidation is ordered, unless otherwise agreed, the relevant Parties shall appoint the Arbitrator or constitute the Tribunal in accordance with paragraph 12, subject to reasonable adjustments as required by the consolidated arbitration. For clarity, any Party may appoint any Arbitrator or any Tribunal member who had been appointed in any of the separate arbitrations, or the Consolidation Arbitrator, to sit as Arbitrator or Tribunal member for the consolidated arbitration. To the extent that two or more arbitrations are consolidated which are at different procedural stages, the Arbitrator or Tribunal shall hold a case conference to discuss adjustments to the procedural calendar in order to preserve the steps that had already been taken in any existing arbitration and avoid waste to the extent possible, while enabling any additional filings

required to avoid causing a Party prejudice. No arbitration shall be consolidated with another, without the Parties' consent, if the final exchange of evidence has occurred in the liability phase of the arbitration.

18. If separate arbitrations are consolidated in accordance with paragraphs 17(a) or 17(b), each party to the consolidated arbitration is deemed to have consented to such consolidation and shall be bound any award, decision or order of a Consolidation Arbitrator under paragraph 17(b).
19. If any Arbitrator was appointed or Tribunal constituted in an arbitration that is subsequently consolidated with another arbitration under paragraph 17 and the consolidation will result in the appointment of a new and different Arbitrator or Tribunal, the appointment of the former Arbitrators or Tribunals shall terminate upon the consolidation and they shall be deemed to be *functus officio*. Such termination shall be without prejudice to the date when any claim or defence was raised for the purpose of applying any limitation bar or any like rule or provision.

SCHEDULE D RESTRICTED ACTIONS

Budgetary Matters

1. The decision to proceed with the development, construction or commissioning of Unit 2, Unit 3 or Unit 4 (and the associated Unit Facilities).
2. Adopting the Hedging Strategy or, once adopted, making any material changes thereto.

Claims and Proceedings

3. Claims
 - (a) Subject to Section 3(c) of this Schedule D, pursue any Claim for and on behalf of ProjectCo GP or ProjectCo LP against another Person involving money damages in excess of (x) \$50,000,000 multiplied by (y) the Project CPI Adjustment Factor at the time of determination or settle any such Claim for an amount less than 50% of the amount of money damages claimed, in each case excluding any Claims arising under a Related Party Contract.
 - (b) Subject to Section 3(c) of this Schedule D, settle any Claim by another Person against ProjectCo GP or ProjectCo LP involving (i) non-monetary remedies that would have a material and adverse impact on the Partnership Business, or (ii) the payment by ProjectCo GP or ProjectCo LP of money damages in excess of (x) \$50,000,000 multiplied by (y) the Project CPI Adjustment Factor at such time, in each case excluding any Claims arising under a Related Party Contract.
 - (c) Notwithstanding Section 3(a) and Section 3(b) of this Schedule D, any Claim that is made by or against ProjectCo GP or ProjectCo LP under the IPA, or that involves or is before the IESO, the OEB, the CNSC or involves any Permit held by the Operator or the Project Manager, shall not constitute a Restricted Matter for the purposes of this Agreement.

Contracting and Acquisition of Assets

4. Entering into, or the Project Manager entering into, as agent and nominee of or in the name of and on behalf of, ProjectCo LP, any partnership agreement, shareholders agreement or joint venture agreement with any other Person (including, once entered into, any termination thereof or material changes thereto).
5. Granting, as agent and nominee of or in the name of and on behalf of, ProjectCo LP, a guarantee or indemnity in favour of one Person in respect of the obligations of another Person (other than ProjectCo GP or ProjectCo LP).
6. Entering into, as agent and nominee of or in the name of and on behalf of, ProjectCo LP, a capacity funding agreement or any other agreement with an Indigenous Group (including, once entered into, any termination thereof or material changes thereto).

7. Entering into any Related Party Contract, or amending, terminating, granting any consent or exercising or waiving of any rights or remedies under a Related Party Contract.

Intellectual Property Matters

8. Licensing, sublicensing, or disposition on behalf of ProjectCo LP or ProjectCo GP of any Intellectual Property rights of ProjectCo LP or ProjectCo GP, other than (i) as contemplated by any of the Facility Documents, or (ii) where such licensing, sublicensing or disposition is otherwise done in the ordinary course of business.

DNNP LP

– and –

ONTARIO POWER GENERATION INC.

**AMENDED AND RESTATED
MANAGEMENT, OPERATIONS, MAINTENANCE AND ADMINISTRATION
SERVICES AGREEMENT**

April 20, 2026

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**AMENDED AND RESTATED
MANAGEMENT, OPERATIONS, MAINTENANCE AND ADMINISTRATION
SERVICES AGREEMENT**

THIS AMENDED AND RESTATED MANAGEMENT, OPERATIONS, MAINTENANCE AND ADMINISTRATION SERVICES AGREEMENT is made as of the 20th day of April, 2026,

BETWEEN:

DNNP LP, a limited partnership existing under the laws of the Province of Ontario, by its managing general partner, **DNNP GP INC.**

(“ProjectCo LP”)

AND:

ONTARIO POWER GENERATION INC., a corporation existing under the laws of the Province of Ontario

(“OPG”)

WHEREAS:

- A. On December 29, 2025, the Parties entered into a management, operations, maintenance and administration services agreement (the **“Original MOMA”**).
- B. ProjectCo LP desires to have the Operator continue to provide management, operation, maintenance and administrative services to ProjectCo LP in connection with the Facility, and the Operator desires to provide such services to ProjectCo LP, subject to the terms and conditions of this Agreement.
- C. OPG and ProjectCo LP desire to amend and restate the Original MOMA in its entirety in the manner hereinafter set forth.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions In this Agreement (including its recitals), the following capitalized terms have the meanings given below:

- (a) **“2027-2031 Rate Period Business Plan”** has the meaning attributed thereto in Section 5.7(a).

- (b) **“2027-2031 Rebasing Application”** means the Rebasing Application in respect of the Rate Period beginning on January 1, 2027 and ending on December 31, 2031.
- (c) **“Access Laws”** means, as applicable, FIPPA, ATIA and the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario).
- (d) **“Affiliate”** means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries: (x) Controls such Person, (y) is Controlled by such Person, or (z) is Controlled by a third Person that also Controls such Person, provided that, and notwithstanding the foregoing:
 - (i) with respect to OPG and the Operator, if the Operator is OPG or is Controlled by OPG, **“Affiliate”** shall be limited to OPG and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by OPG, provided that ProjectCo LP and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be **“Affiliates”** of OPG or the Operator for purposes of this Agreement;
 - (ii) with respect to ProjectCo LP and ProjectCo GP, if the Operator is OPG or a Qualified Successor Operator or is Controlled by OPG or a Qualified Successor Operator and ProjectCo LP or ProjectCo GP is Controlled by OPG or a Qualified Successor Operator, **“Affiliate”** shall be limited to any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP, provided that, for clarity, if the Operator is OPG or a Qualified Successor Operator or is Controlled by OPG or a Qualified Successor Operator, OPG or the Qualified Successor Operator, as applicable, and any Person Controlled by OPG or the Qualified Successor Operator, as applicable (other than ProjectCo LP and ProjectCo GP and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be **“Affiliates”** of ProjectCo LP or ProjectCo GP for purposes of this Agreement; and
 - (iii) following an Operator Transfer to a Qualified Successor Operator and with respect to such Qualified Successor Operator that becomes a Party to this Agreement and the Operator, if such Qualified Successor Operator is Controlled by the Crown, **“Affiliate”** shall be limited to the Ultimate Parent (within the meaning of ProjectCo LP’s Governing Documents) of such Qualified Successor Operator (or its Affiliate that is a partner of ProjectCo LP) and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by such Ultimate Parent, provided that ProjectCo LP and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be **“Affiliates”** of the Operator for purposes of this Agreement.

- (e) “**Agent**” has the meaning attributed thereto in the IESO Payments Agreement. For clarity, all references to the Agent are references to the Agent in its capacity as agent under the IESO Payments Agreement, and not in any other capacity.
- (f) “**Agreement**” means this agreement and all Schedules attached hereto, which for clarity are an integral part of this agreement.
- (g) “**Allocated Shared Costs**” means Shared Costs allocated by the Operator to the Facility or ProjectCo LP pursuant to the then applicable Cost Allocation Methodology.
- (h) “**Annual OM&A Base Cost Rate Period Forecast**” has the meaning attributed thereto in Section 5.7(e)(i).
- (i) “**Annual Planned Outage OM&A Cost Rate Period Forecast**” has the meaning attributed thereto in Section 5.7(e)(ii).
- (j) “**Applicable Laws**” means, collectively, all applicable:
 - (i) federal, provincial, municipal and other laws, decrees, ordinances, instruments, codes, constitutions, treaties, orders-in-council, by-laws, codes, rules, regulations and statutes;
 - (ii) legally enforceable orders, rulings, decisions, codes, judgments, injunctions, directives, awards and writs of any Governmental Authority;
 - (iii) policies, practices, standards, guidelines, notices and industry protocols of any Governmental Authority to the extent that they have the force of law;
 - (iv) rulings, conditions and requirements of any Permits, Consents or similar rights issued by a Governmental Authority; and
 - (v) requirements under or prescribed by applicable common law or equity, including, for clarity, all applicable Authority Requirements.
- (k) “**Approved Annual OM&A Base Budget**” has the meaning attributed thereto in Section 5.8(a).
- (l) “**Approved Annual Planned Outage OM&A Budget**” has the meaning attributed thereto in Section 5.9(a).
- (m) “**Approved Annual Post-COD CapEx Budget**” has the meaning attributed thereto in Section 5.10(a).
- (n) “**Approved Business Plan**” has the meaning attributed thereto in Section 5.7(b).
- (o) “**Approved Cost Allocation Methodology**” has the meaning attributed thereto in Section 8.3(b).

- (p) “**Approved Intra Rate Period Business Plan**” has the meaning attributed thereto in Section 5.7(b).
- (q) “**Approved Rate Period Business Plan**” has the meaning attributed thereto in Section 5.7(a).
- (r) “**Arbitration Act**” means the *Arbitration Act, 1991* (Ontario).
- (s) “**Asset Service Fees**” means monthly amounts calculated by the Operator, acting reasonably and in good faith, to be charged to ProjectCo LP for the use of certain OPG assets (excluding assets to the extent that their acquisition costs have been otherwise paid by ProjectCo LP as MOMA Costs or DNNP Costs) in performing the Services or its other obligations under this Agreement, based on the costs or expenses incurred or paid by OPG in connection with such assets, which monthly amounts consist of the following components, without duplication of other Allocated Shared Costs that do not constitute Asset Service Fees:
 - (i) an amount for depreciation expenses of OPG associated with such assets;
 - (ii) an amount for the cost of capital associated with the remaining undepreciated cost of such assets as determined using the cost of capital parameters reflected, for the purpose of calculating such Asset Service Fees, in the payment amounts for ProjectCo LP established by the OEB (A) pursuant to section 78.1 of the OEB Act or (B) otherwise pursuant to Applicable Laws for the corresponding time period;
 - (iii) an amount for operating costs and expenses of OPG in connection with such assets (to the extent not otherwise included in the MOMA Costs or DNNP Costs); and
 - (iv) an amount in connection with the Income Tax liability of OPG associated with the cost of capital associated with the remaining undepreciated costs of the assets referred to in paragraph (ii) of this Section 1.1(s),in each case, without any markup or premium for profit thereof (other than in respect of the cost of capital associated with the remaining undepreciated cost of such assets referred to in paragraph (ii) of this Section 1.1(s)).
- (t) “**Asset Transfer Costs**” means (i) the aggregate amount of Reimbursable Amounts (as defined in that certain reimbursement agreement between ProjectCo LP and OPG dated as of the Asset Transfer Date (the “**Reimbursement Agreement**”)) for which ProjectCo LP has reimbursed OPG pursuant to the Reimbursement Agreement; and (ii) the fair market value of the ProjectCo LP Contributed Assets (as defined in that certain contribution agreement between ProjectCo LP and OPG dated as of the Asset Transfer Date) on the Asset Transfer Date, which fair market value the Parties acknowledge and agree is \$1,000.
- (u) “**Asset Transfer Date**” means December 31, 2025.

- (v) “**ATIA**” means the *Access to Information Act* (Canada).
- (w) “**Authority Requirements**” means any order, direction, directive, policy, standard, guideline or rule of or by any Governmental Authority which is known by the Operator or publicly available, including, for clarity, CNSC policies, regulatory documents, administrative interpretations, directives and staff review procedures, the IESO Market Rules and the legally binding requirements resulting from the EA Approval.
- (x) “**Beneficiary**” has the meaning attributed thereto in Section 12.4(a).
- (y) “**Business Day**” means any day other than Saturday, Sunday or any day on which banking institutions in Toronto, Ontario are not open for business.
- (z) “**Canadian Control Permits**” has the meaning attributed thereto in Section 18.7(a)(i).
- (aa) “**CE ITC**” means any clean electricity investment tax credits as defined in subsection 127.491(1) of the Tax Act for purposes of Section 127.491 of the Tax Act.
- (bb) “**CEAA Joint Review Panel**” means the joint review panel that constitutes a review panel pursuant to the *Canadian Environmental Assessment Act*, and a panel of the CNSC pursuant to the NSCA for the purpose of reviewing the CNSC Site Preparation Licence.
- (cc) “**Claims**” means:
 - (i) any claim, demand or complaint;
 - (ii) any court action, suit, arbitration, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure;
 - (iii) any investigation or inquiry by or before any Governmental Authority or similar body; and/or
 - (iv) any similar matter or proceeding.
- (dd) “**CNSC**” means the Canadian Nuclear Safety Commission established pursuant to the NSCA.
- (ee) “**CNSC Licences**” means, in respect of the Facility, the Services or the Leased Premises, all Consents and Permits required by Applicable Laws to be obtained from, and all Consents and agreements entered into with, the CNSC, relating to the ownership, operation, maintenance or administration of the Facility or any Unit Facility.

- (ff) **“CNSC Site Preparation Licence”** means the nuclear power reactor site preparation licence issued by the CNSC, pursuant to the NSCA to OPG dated August 17, 2012, in respect of the preparation of the Leased Premises for the construction of the Facility, as amended or replaced from time to time.
- (gg) **“Combined Nuclear Fleet”** means, collectively, the OPG Nuclear Fleet and the Facility.
- (hh) **“Commercial Operation”** means, in respect of a Unit Facility:
 - (i) the Operator has received the CNSC’s approval to release the Unit Facility from all applicable reactor shutdown guarantees;
 - (ii) there are no conditions in respect of the Unit Facility that are reasonably expected to require a planned or maintenance outage within 30 days following the “Substantial Completion Date” (or similar date), as defined under the applicable project execution agreement for such Unit Facility (which, for the Unit 1 Facility, is the IPA); and
 - (iii) the registration of the Unit Facility with the IESO as a “commissioning generation facility” has expired as a result of the final commissioning test in respect of the Unit Facility having been completed and submitted to and approved by the IESO pursuant to section 2.2A of Chapter 7 of the IESO Market Rules and the Unit has been registered with the IESO as a “generation facility” in accordance with section 2.2 of Chapter 7 of the IESO Market Rules.
- (ii) **“Commercial Operation Date”** means, in respect of a Unit Facility, the date on which such Unit Facility achieves Commercial Operation.
- (jj) **“Conditions of Performance”** has the meaning attributed thereto in Section 5.2(a).
- (kk) **“Confidential Information”** has the meaning attributed thereto in Section 18.1(a).
- (ll) **“Confidentiality Incident”** has the meaning attributed thereto in Section 18.2(h).
- (mm) **“Connected Persons”** means, in respect of a Party, all past or present Persons who directly or indirectly own or hold (or owned or held) a direct or indirect legal or beneficial interest in any Equity Interests in such Party, but:
 - (i) only in such Person’s capacity as a past or present owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in such Party and not in any other capacity; and
 - (ii) excluding (A) a Person whose indirect legal or beneficial interest in any Equity Interests in such Party is held directly or indirectly: (1) through Equity Interests that are listed on a Recognized Stock Exchange, (2) through Equity Interests in a Private Equity Fund, excluding any Equity Interests

held by the sponsor or investment manager of such Private Equity Fund (or any of their respective Affiliates), (3) through Equity Interests in the Ultimate Parent (within the meaning of ProjectCo LP's Governing Documents) of such Party, or (4) solely as a result of such Person being a beneficiary of a pension plan or pension fund; and (B) any Governmental Authority.

- (nn) **“Connection Agreement”** means the agreement or agreements that may be entered into between the Operator and/or ProjectCo LP and the Transmission Company with respect to the connection of the Facility to the IESO-Controlled Grid in accordance with the Transmission System Code that governs the terms and conditions of such connection.
- (oo) **“Consent”** means any consent, approval, authorization, waiver or notice to or from any Person, including any Governmental Authority.
- (pp) **“Contamination”** means the presence of any Hazardous Materials in the Environment, except Hazardous Materials present in the Environment in concentrations that would reasonably be expected to be below applicable standards as set by Applicable Laws, including the generic soil, groundwater and sediment standards set out in the document entitled “Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act”, published by the Ontario Ministry of the Environment on April 15, 2011, as it may be amended or replaced from time to time. If Contamination is present in soil, surface water, sediment or groundwater, then the soil, surface water, sediment or groundwater, as applicable, containing the Contamination will also be deemed to be Contamination for the purposes of this Agreement.
- (qq) **“Contract”** means any contract, obligation, agreement, arrangement, undertaking, engagement, or commitment or the like.
- (rr) **“Control”** means:
 - (i) when applied to the relationship between a Person and a corporation, (A) the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, or (B) where such corporation has no share capital, the ability of such Person, whether directly or indirectly, to elect, appoint or cause the election or appointment of a majority of the directors (or equivalent governing body) of such corporation;
 - (ii) when applied to the relationship between a Person and a partnership (other than a limited partnership) or joint venture, the beneficial ownership by such Person at the relevant time of securities or ownership interests of such partnership or joint venture carrying more than 50% of the voting interests of the partnership or joint venture; or

- (iii) when applied to the relationship between a Person and a limited partnership, the beneficial ownership by such Person at the relevant time of shares of the general partner or general partners of such limited partnership carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such general partner or general partners; and

the term “**Controlled by**” has a corresponding meaning; provided that a Person who Controls a corporation, partnership, limited partnership or joint venture (for the purposes of this definition, the “**second mentioned Person**”) shall be deemed to Control a corporation, partnership, limited partnership or joint venture which is Controlled by the second mentioned Person and so on.

(ss) “**Corporate Records**” means:

- (i) all Governing Documents of ProjectCo LP and ProjectCo GP;
- (ii) all minutes of meetings and resolutions of partners of ProjectCo LP, and of the Shareholders and directors (and any committee of directors) of ProjectCo GP;
- (iii) the partnership unit or share certificate books, securities register, register of transfers and register of partners, directors and officers with respect to ProjectCo LP or ProjectCo GP;
- (iv) all materials and documentation provided to the partners of ProjectCo LP by, or on behalf of, ProjectCo LP or to the Shareholders or directors of ProjectCo GP by, or on behalf of, ProjectCo GP pursuant to the Governing Documents of ProjectCo LP or ProjectCo GP, excluding all Other Documentation;
- (v) all tax records relating to ProjectCo GP or ProjectCo LP;
- (vi) all Contracts executed by ProjectCo GP in its own capacity or as managing general partner of ProjectCo LP; and
- (vii) all records related to any Claims brought by or against ProjectCo LP or ProjectCo GP other than any such records of OPG in respect of a Claim brought (A) by OPG in any capacity, including as Operator, Project Manager, Landlord, Agent, Licensor, Shareholder and/or partner of ProjectCo LP, against ProjectCo LP or ProjectCo GP, or (B) by ProjectCo LP or ProjectCo GP against OPG in any capacity, including as Operator, Project Manager, Landlord, Agent, Licensor, Shareholder and/or partner of ProjectCo LP.

(tt) “**Correction Costs**” has the meaning attributed thereto under the IPA.

(uu) “**Cost Allocation Methodology**” means a methodology concerning (i) the allocation of the Shared Costs among all Persons in respect of which such Shared

Costs are incurred or paid, including ProjectCo LP, OPG and/or OPG's Affiliates (collectively, the "**Shared Costs Beneficiaries**"), and (ii) the determination of Asset Service Fees.

- (vv) "**Crown**" means His Majesty the King in right of the Province of Ontario.
- (ww) "**Decommissioning Obligations**" has the meaning attributed thereto under the Lease Agreement.
- (xx) "**Developed IP**" has the meaning attributed thereto in Section 13.1.
- (yy) "**Direct Losses**" means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses (including the cost of legal or professional services, legal and professional costs being on a full indemnity basis) and charges, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, but excluding in all circumstances Indirect Losses. For clarity and notwithstanding the foregoing, any amount paid or finally awarded in respect of a Third Party Claim against a Party will be considered Direct Losses.
- (zz) "**Disclosing Party**" has the meaning attributed thereto in Section 18.1(a).
- (aaa) "**Dispute Resolution Procedure**" means the procedure set out in Schedule C.
- (bbb) "**Disputes**" has the meaning attributed thereto in Section 16.1.
- (ccc) "**DNNP Commitments Report**" means the Darlington New Nuclear Project Commitments Report, Document Number NK054-REP-01210-00078, current version, R009, prepared by OPG, and as may be revised from time to time by OPG.
- (ddd) "**DNNP Costs**" means, collectively but without duplication, at the relevant time, all costs, charges and expenditures incurred or paid by ProjectCo LP to complete the design, construction, commissioning and warranty work of the Facility, including the Asset Transfer Costs, and all other costs, charges and expenditures required to bring each Unit comprising the Facility into Commercial Operation, for the Facility to achieve Final Completion and for any warranty work to be performed in respect of the Facility. Notwithstanding the foregoing, and for clarity, "DNNP Costs" shall include:
 - (i) Operational Readiness Costs;
 - (ii) such costs, charges and expenditures related to activities authorized by ProjectCo LP in relation to the Unit 2 Facility, Unit 3 Facility and Unit 4 Facility prior to such time that ProjectCo LP approves such Unit Facilities for construction and commissioning;

- (iii) any Correction Costs payable under the IPA and, if one or more Unit Facilities comprising the Facility is constructed under one or more Project Agreement(s) other than the IPA, any amounts payable by ProjectCo LP in respect of any warranty work to be performed under such Project Agreement(s) (to the extent applicable); and
- (iv) all amounts payable by ProjectCo LP under the Project Management Agreement,

but shall exclude:

- (v) any return on equity on, or cost of debt in respect of, any “DNNP Costs” or otherwise; and
 - (vi) any amounts payable by ProjectCo LP under this Agreement or the Lease Agreement.
- (eee) “**DNNP IP Rights**” has the meaning attributed thereto in the IP Rights Agreement.
- (fff) “**DNNP Nuclear Installation**” has the meaning attributed thereto in Section 11.1(a)(ii).
- (ggg) “**EA Approval**” means the Environmental Impact Statement, and the results of the CEAA Joint Review Panel process in respect thereof, including the report of the CEAA Joint Review Panel, and including the follow up actions, conditions, decisions, approvals and recommendations in respect of Governmental Authorities in respect thereof.
- (hhh) “**Effective Date**” means the date of this Agreement.
- (iii) “**Electricity Act**” means the *Electricity Act, 1998* (Ontario).
- (jjj) “**Emergency Event**” means one or more situations, occurrences, events or circumstances that require immediate intervention and:
- (i) pose a risk of harm to the health and/or safety of persons, including any Releases or Contamination that would create such a risk of harm;
 - (ii) cause or would reasonably be expected to cause material damage or harm to (A) property, (B) the Environment, the IESO-Controlled Grid or any Local Distribution System, and/or (C) buildings and/or equipment, including the Facility; and/or
 - (iii) materially interfere with or prejudice or would reasonably be expected to materially interfere with or prejudice the safe operation of the Facility, the IESO-Controlled Grid, any Local Distribution System, the Darlington NGS (as defined under the Lease Agreement), the Darlington NGS Site (as

defined under the Lease Agreement), or any part of the Leased Premises having regard, as applicable, to the Conditions of Performance.

- (kkk) **“Encumbrance”** means any mortgage, lien, pledge, judgment, execution, charge, security interest, restriction, lease, sublease, easement or encumbrance of any nature whatsoever, including Claims of the Ontario Workplace Safety and Insurance Board, Canada Revenue Agency and any other Governmental Authority.
- (lll) **“Enumerated Conditions”** has the meaning attributed thereto in Schedule D.
- (mmm) **“Environment”** means ambient air, all layers of the atmosphere, all living organisms and the interacting natural systems that include components of air, land, soil, sediment, water, organic and inorganic matter and living organisms, land, surface water, underground water, subsurface rock, subsurface strata, bedrock and other underground natural resources or any combination thereof.
- (nnn) **“Environmental Law”** means all Applicable Laws related to the Environment, including Applicable Laws related to pollution, protection of the Environment, Releases (or threatened Releases) into ambient air, surface water, ground water, sediment, or lands, and as otherwise related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, including the *Canadian Environmental Assessment Act* (Canada), the *Canadian Environmental Protection Act*, 1999 (Canada), the *Dangerous Goods Transportation Act* (Ontario), the *Environmental Bill of Rights*, 1993 (Ontario), the *Environmental Protection Act* (Ontario), the *Fisheries Act* (Canada), the *Technical Standards and Safety Act*, 2000 (Ontario), the *Ontario Water Resources Act*, the *Pest Control Products Act* (Canada), the *Pesticides Act* (Ontario), the *Transportation of Dangerous Goods Act*, 1992 (Canada) and the respective regulations thereunder and any municipal noise or sewer use by-law.
- (ooo) **“Equity Interest”** means, in respect of any Person, (i) any and all shares or other equity or ownership interests (including common shares, preferred shares, capital stock, partnership interests, trust interests, limited liability company interests and limited liability partnership interests) in such Person; and (ii) all convertible securities and other rights convertible into or exchangeable for such shares or other equity or ownership interests in such Person (whether or not currently exercisable, exchangeable or convertible), including rights to subscribe, warrants, options, conversion privileges, and exchange rights for such shares or other equity or ownership interests in such Person.
- (ppp) **“ETA”** means the *Excise Tax Act* (Canada).
- (qqq) **“Excluded Taxes”** means Income Taxes imposed on the Operator, together with interest thereon and penalties with respect thereto.
- (rrr) **“Export Control Regulations”** means the export control laws and regulations of United States and/or Canadian Governmental Authorities, including (i) the U.S. Department of Energy’s export regulations of nuclear technology under 10 C.F.R.

Part 810 (U.S. Code of Federal Regulations) and the U.S. Department of Commerce's export regulations at 15 C.F.R. Parts 730 *et seq.*, (ii) the NSCA, the *Export and Import Permits Act* (Canada) and the *Nuclear Non-proliferation Import and Export Controls Regulations* SOR/2000-210, and (iii) any Authority Requirements in relation to the foregoing.

- (sss) **“Facility”** means, collectively, the Unit 1 Facility and, to the extent approved by ProjectCo LP for construction and commissioning, the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility, except to the extent a Stoppage Vote Resolution has been passed in respect of any such Unit Facility, in which case **“Facility”** means:
- (i) in the event that one or more Stoppage Vote Resolutions are passed in respect of the Unit 1 Facility and all other Unit Facilities approved by ProjectCo LP for construction and commissioning, each Unit Facility (to the extent in existence at the time the Stoppage Vote Resolution in respect of such Unit Facility was passed), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect of the Unit Facilities; or
 - (ii) in all other circumstances, (x) all Unit Facilities in respect of which no Stoppage Vote Resolution has been passed, together with (y) each Unit Facility in respect of which a Stoppage Vote Resolution has been passed (to the extent in existence at the time of the passage of such Stoppage Vote Resolution), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect thereof.
- (ttt) **“Facility Documents”** means, collectively, this Agreement, the IESO Payments Agreement, the Lease Agreement, the Project Management Agreement and the IP Rights Agreement.
- (uuu) **“Facility Purposes”** has the meaning attributed thereto in the IP Rights Agreement.
- (vvv) **“Final Completion”** means,
- (i) in respect of a Unit Facility, the point in time when all punchlist items under the IPA (or any other project delivery agreement for such Unit Facility) are resolved and a certificate of final completion for such Unit Facility under the IPA (or any other project delivery agreement for such Unit Facility) is issued; and
 - (ii) in respect of the Facility, the point in time when each Unit Facility approved by ProjectCo LP for construction and commissioning and which is not the subject of a Stoppage Vote Resolution has achieved Final Completion in accordance with the preceding paragraph (i).

(www) “**FinanceCo LP**” means OPG Financing LP, a limited partnership existing under the laws of the Province of Ontario.

(xxx) “**Financial Capacity Requirements**” means, with respect to a Person, that such Person:

(i)

[REDACTED]

(ii)

[REDACTED]

(yyy) “**FIPPA**” means the *Freedom of Information and Protection of Privacy Act* (Ontario).

(zzz) “**Fiscal Year**” means, at a given time, ProjectCo LP’s fiscal year at such time, which, as of the Effective Date, is any year ending on December 31.

(aaaa)

[REDACTED]

(bbbb) “**Force Majeure**” means any unforeseeable event or circumstance or the effects thereof which (a) could not have been reasonably avoided by, and was not caused directly by an act or omission of, the Party claiming relief, and (b) prevents such Party (or, in respect of the Operator, its Subcontractor or Operator Party) from performing all or any part of its obligations under this Agreement, including any of the following to the extent they meet the foregoing criteria:

- (i) state of emergency declared by a government, war, civil war, armed conflict, acts of terrorism, credible threat of an impending act of terrorism, the activities of the relevant Governmental Authorities in dealing with the use or threat of terrorism, acts of foreign enemies, hostilities, invasion, rebellion, revolution, insurrection, or mutiny;
- (ii) piracy, riot, disorder, civil commotion, insurrection, protest, cyber-attacks, acts of sabotage, or vandalism;
- (iii) inability to obtain required electrical power, fuel or telecommunications service;

- (iv) disruption of the means of transport or shipping as a result of land or sea blockades, marine, railway, air and other transport catastrophes and accidents;
 - (v) fire, explosion or pressure waves caused by airplanes or other aircraft;
 - (vi) natural disasters and natural catastrophes such as volcanic or seismic activity, landslides, mudflow, tsunami, lightning, hurricane, typhoons, tornado, cyclone, tidal wave, severe ice storm, firestorms, flood, drought, or other severe weather conditions which are beyond the level of severity that would reasonably be anticipated;
 - (vii) plague, epidemic, pandemic or quarantine; and/or
 - (viii) the imposition of sanctions by a foreign government or international authority, or embargo.
- (cccc) **“Fuel Assembly I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.
- (dddd) **“Fuel Service Fees”** means monthly amounts calculated by the Operator, acting reasonably and in good faith, based on the costs or expenses incurred or paid by the Operator in connection with the design, supply, storage, transport, milling, processing, conversion, deconversion, enrichment and/or manufacture of Nuclear Fuel and related technical services, but for clarity excluding Nuclear Waste Management Obligations, and the costs or expenses incurred or paid by the Operator with respect to any non-nuclear fuel used in connection with the operation of any standby generators at the Facility or other non-nuclear fuel to support the operation and maintenance of the Facility, which monthly amounts consist of the following components:
- (i) an amount for nuclear fuel expense associated with the utilization or consumption of Nuclear Fuel in the operation of the Facility, as determined in accordance with Generally Accepted Accounting Principles;
 - (ii) an amount for the cost of capital associated with the inventory of Nuclear Fuel owned by the Operator for use at the Facility determined using the cost of capital parameters as reflected, for the purposes of calculating Fuel Service Fees, in the payment amounts established by the OEB for ProjectCo LP for the corresponding time period (A) pursuant to section 78.1 of the OEB Act or (B) otherwise pursuant to Applicable Laws for the corresponding time period;
 - (iii) an amount in connection with the Income Tax liability of the Operator associated with the cost of capital associated with the inventory of Nuclear Fuel referred to in paragraph (ii) of this Section 1.1(dddd); and
 - (iv) the costs and expenses incurred or paid by the Operator in respect of any diesel fuel used in connection with the operation of any standby generators

at the Facility or other non-nuclear fuel to support the operation and maintenance of the Facility,

in each case, without any markup or premium for profit thereon (other than in respect of the cost of capital associated with the inventory of Nuclear Fuel referred to in paragraph (ii) of this Section 1.1(dddd)).

- (eeee) **“Fully Burdened Costs”** means, collectively, all costs and expenses incurred or paid by the Operator in connection with Operator Personnel performing the Services or the Operator’s obligations under this Agreement, including, without duplication, salaries, wages, employer-paid payroll taxes, employment and disability insurance premiums, incentive compensation, overtime entitlements, accrued or paid costs of employer-paid benefits and pensions, any other amounts payable under the terms of collective agreements applicable to unionized employees, any applicable overhead or administrative costs incurred with respect to or in connection with the employment of the Operator Personnel, and any other employee costs and expenses incurred or paid by the Operator in connection with Operator Personnel, in each case without any markup for premium or profit thereon.
- (ffff) **“Generally Accepted Accounting Principles”** means generally accepted accounting principles in the United States of America in effect from time to time or such other accounting principles as may be used by ProjectCo LP from time to time applicable as at the date on which such principles are to be applied or on which any calculation or determination is required to be made in accordance with “generally accepted accounting principles”.
- (gggg) **“Governing Documents”** means, with respect to any Person: (i) if a corporation or company, its articles and any by-laws; (ii) if a partnership, the partnership agreement and any declaration or statement of partnership required to be filed with any Governmental Authority in order to form the partnership or maintain the limited liability of any partners; (iii) if a limited liability company, the articles and any organization or operating agreement; (iv) if a trust, the trust deed and/or declaration of trust; (v) if another type of Person, any charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (vi) to the extent applicable to all of such Person’s equity holders, shareholders’ or equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements and any other agreements or documents relating to the organization, management or operation of such Person or relating to the rights, duties and obligations of such Person’s equity holders; and (vii) any amendment or supplement to any of the foregoing. For clarity, the Facility Documents are not Governing Documents of ProjectCo LP or ProjectCo GP.
- (hhhh) **“Government Funding”** means any investment tax credits under the Tax Act, non-reimbursable grants or non-reimbursable funding that may become available to a Person in respect of the Facility after the Effective Date from a Governmental Authority, but excluding any CE ITCs, provided, however, **“Government**

Funding” shall not include any such investment tax credits under the Tax Act, non-reimbursable grants or non-reimbursable funding: (i) from the Province of Ontario (including any of its Affiliates or agencies) that may become exclusively available to any partner of ProjectCo LP Controlled by the Province of Ontario; or (ii) from the Government of Canada (including any of its Affiliates or agencies) that may become exclusively available to any partner of ProjectCo LP Controlled by the Government of Canada.

- (iiii) **“Governmental Authority”** means: (i) any court, tribunal, judicial body or arbitral body or arbitrator; (ii) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government and any governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (iii) any subdivision or authority of any of the foregoing; and (iv) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing.
- (jjjj) **“Handle”** means to access, collect, use, store, communicate, disclose, or otherwise process or handle.
- (kkkk) **“Hazardous Materials”** means any pollutants, toxic substances, hazardous wastes, hazardous materials, contaminants, and other substances that are defined to be, that are regulated or prohibited as, that are listed as or that because of their toxicity, concentration or quantity have characteristics which are, hazardous, radioactive, toxic or capable of producing an adverse effect under any Environmental Law.
- (llll) **“Hedging Strategy”** has the meaning attributed thereto in Section 9.6(b).
- (mmmm) **“HST”** means the goods and services tax and harmonized sales tax payable and imposed pursuant to Part IX of the ETA.
- (nnnn) **“IESO”** means the Independent Electricity System Operator continued under the Electricity Act.
- (oooo) **“IESO-Administered Markets”** means the markets established by the IESO Market Rules and administered by the IESO for the purchase and sale of electricity and ancillary services.
- (pppp) **“IESO-Controlled Grid”** means the electricity transmission systems with respect to which, pursuant to operating agreements, the IESO has authority to direct operations (or, should the IESO cease to direct operations, the bulk electric system in Ontario).
- (qqqq) **“IESO Market Manuals”** means the documents published on the IESO’s website and titled as such, which describe procedures, standards and other requirements to

be followed, met or performed by the IESO, participants in the IESO-Administered Markets and other Persons in fulfilling their respective obligations under the IESO Market Rules.

- (rrrr) “**IESO Market Rules**” means the rules, made under section 32 of the Electricity Act and published on the IESO’s website, governing the IESO-Controlled Grid and establishing and governing the IESO-Administered Markets together with all IESO Market Manuals.
- (ssss) “**IESO Payments Agreement**” means the amended and restated IESO payments collection, allocation and settlement agreement entered into by OPG and ProjectCo LP on the Effective Date.
- (tttt) “**Improvements**” has the meaning attributed thereto under the Lease Agreement.
- (uuuu) “**Income Taxes**” means taxes or payments in lieu thereof based on or measured by income, profit or capital or otherwise imposed by the Tax Act, the *Taxation Act, 2007* (Ontario), the Electricity Act, or any similar statute in any jurisdiction, including Ontario.
- (vvvv) “**Indebtedness**” of any Person means, without duplication: (i) all liabilities and obligations of such Person for borrowed money; (ii) all liabilities and obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (iii) all liabilities and obligations of such Person to pay the deferred purchase price of property, goods or services, except trade accounts payable arising in the ordinary course of business; (iv) all liabilities and obligations of such Person under any lease recorded as a liability on its balance sheet; (v) all deferred liabilities and obligations of such Person to reimburse any bank or other Person in respect of amounts paid or advanced under a letter of credit or other similar instrument; (vi) all liabilities and obligations of other Persons of the type described in the foregoing clauses (i) to (v), inclusive, secured by a Lien (within the meaning of ProjectCo LP’s Governing Documents) on any asset of such Person, whether or not any such liability or obligation is assumed by such Person; and (vii) all liabilities and obligations of other Persons of the type described in the foregoing clauses (i) to (vi), inclusive, guaranteed directly or indirectly by such Person or as to which such Person has a liability or obligation substantially the economic equivalent of a guarantee, including an indemnity, security or bond.
- (wwwv) “**Indemnifier**” has the meaning attributed thereto in Section 12.4(a).
- (xxxx) “**Indigenous Group**” means a band as that term is defined in the *Indian Act* (Canada), or a community or people that hold rights recognized and affirmed by section 35 of the *Constitution Act, 1982* (Canada) and any Person, council, government or other entity that is authorized to act on behalf of any of the foregoing.
- (yyyy) “**Indigenous Group Capacity Payments**” means any costs or expenses paid by OPG or any of its Affiliates under any capacity funding agreement with any

Indigenous Groups to the extent that they relate directly to the development, permitting, licensing, construction, commissioning, financing, management, operation, maintenance, modification, improvement, repair or administration of the Facility, including any costs or expenses incurred or paid by OPG or any of its Affiliates under any of the following agreements:

- (i) 
- (ii) Capacity Funding Agreement between OPG and Curve Lake First Nation dated January 31, 2023 and the First Amending Agreement effective as of April 1, 2024;
- (iii) Capacity Funding Agreement between OPG and Hiawatha First Nation dated February 13, 2023 and the First Amending Agreement effective as of April 1, 2024;
- (iv) Capacity Funding Agreement between OPG and Mississaugas of Scugog Island First Nation dated July 13, 2023 and the First Amending Agreement effective as of April 1, 2024; and
- (v) Capacity Funding Agreement between OPG and Alderville First Nation dated April 5, 2024.

(zzzz) “**Indirect Losses**” means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses and charges whatsoever for or in respect of the following:

- (i) punitive, exemplary, special or aggravated damages;
- (ii) loss of profits or revenue, loss of use, loss of production, loss of business, cost of capital, any cost of purchasing or generating replacement power or loss of business opportunity; or
- (iii) any other consequential loss, incidental loss or indirect loss of any nature,

whether arising at law or in equity, whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, and whether suffered or allegedly suffered.

(aaaaa) “**Insolvency Event**” means, with respect to any Person (including any Shareholder):

- (i) such Person or any of such Person’s direct or indirect parent companies (“**Parent Companies**” for the purposes of this definition) admits, in writing, its inability, or is generally unable, to pay its debts as they become

due, or makes a general assignment for the benefit of creditors, or a receiver, manager, conservator, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official or any other like Person is appointed by or on behalf of or at the instance of a creditor of such Person or such Parent Company, in each case with respect to such Person or such Parent Company or any of the property, assets or undertaking of such Person or such Parent Company, or any creditor of such Person or such Parent Company takes control, or takes steps to take control, of such Person or such Parent Company or any of such Person's or such Parent Company's property, assets, or undertaking or any Claims are instituted against such Person or such Parent Company that result in such Person or such Parent Company being declared or ordered bankrupt or in administration, liquidation, winding-up, reorganization, compromise, arrangement, adjustment, protection, relief or composition of it or with respect to it or its debts or obligations, or any such Claims are instituted by a Person seeking such result, in each case under any Applicable Laws relating to bankruptcy, insolvency or reorganization of or relief with respect to debtors or debtors' obligations or property, assets or undertaking or other similar matters (including, for clarity, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) and Title 11 of the United States Bankruptcy Code), or a Person seeks the appointment of a receiver, manager, conservator, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official or any other like Person for such Person or such Parent Company or with respect to any of its respective property, assets, or undertaking, or any resolutions are passed or other actions of a Person are taken to authorize any of the actions set forth in this clause (i);

- (ii) such Person or such Parent Company ceases performing a material portion of its business, or a substantial portion of such business is suspended or is not being performed, whether voluntarily or involuntarily, and, where such cessation or suspension is involuntary, such cessation or suspension continues for more than 30 consecutive days;
- (iii) any execution, sequestration, or other enforcement process of any court becomes enforceable against such Person or such Parent Company or any of its material property, and such enforcement is not discharged, stayed or remedied within 30 days; or
- (iv) such Person or such Parent Company suffers any event, or any event or set of circumstances occurs or comes about, analogous to the events or sets of circumstances set out in the foregoing paragraphs (i) or (iii) in any jurisdiction in which is it incorporated, domiciled, resident or has assets or property.

(bbbbb) **“Insurance Agreement”** has the meaning attributed thereto in the Lease Agreement.

(ccccc) **“Intellectual Property”** means all intangible or intellectual property of any kind, including: (i) works of authorship, including drawings and software, (ii) industrial or utility designs, (iii) inventions, discoveries, improvements, (iv) integrated circuit topographies and mask work, and (v) trade secrets, confidential information, ideas, formulas, compositions, know-how, processes, procedures, methodologies, techniques, formulae, calculations, designs, research and development information, data, specifications, analyses, plans, maintenance information and all other technical, design, operating, construction, licensing, commissioning or decommissioning information.

(dddd) **“Intellectual Property Rights”** means all rights to Intellectual Property existing under: (i) copyright law, (ii) design patent or industrial design law, (iii) patent law, (iv) semi-conductor chip or mask work law, or (v) any other statutory provision or common law principle relating to such subject matter, including trade secret laws and laws governing confidential information, including all grants and registrations worldwide in connection with the foregoing and all other rights with respect thereto existing other than pursuant to grant or registration, all applications for any such grant or registration, and all amendments, continuations, divisions and continuations-in-part of such applications, and all corrections, reissues, patents of addition, extensions and renewals of any such grant, registration or right.

(eeee) **“Intermediate Level Waste”** has the meaning attributed thereto in the Lease Agreement.

(ffff) 

(ggggg) **“IP Rights Agreement”** means the amended and restated intellectual property rights agreement entered into by OPG and ProjectCo LP on the Effective Date.

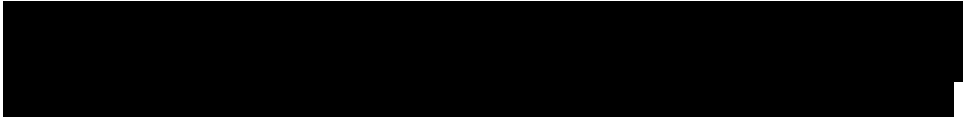
(hhhhh) **“IPA”** means the integrated project agreement entered into by OPG on January 1, 2023 in respect of the Unit 1 Facility, as it has been, and as it may be further amended, modified or supplemented from time to time, including, if applicable, by a supplemental agreement in respect of the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility.

(iiii) **“Irradiated Fuel”** has the meaning attributed thereto in the Lease Agreement.

(jjjjj) **“Landlord”** has the meaning attributed thereto in the Lease Agreement. For clarity, all references to the Landlord are references to the Landlord in its capacity as landlord under the Lease Agreement, and not in any other capacity.

- (kkkkk) **“Landlord Recoverable Tenant Nuclear Waste Costs”** has the meaning attributed thereto in the Lease Agreement.
- (lllll) **“Large Capital Project”** means a capital project (other than, for clarity, a capital project related to the development, construction or commissioning of the Facility) in respect of a Unit Facility or Unit Facilities that have achieved Commercial Operation where:
- (i) at the time such capital project is initially brought forward for approval by ProjectCo LP to proceed with its planning and definition, the then estimated planning and definition works costs of such capital project exceed the Large Capital Project Threshold; or
 - (ii) at the time such capital project is initially brought forward for approval by ProjectCo LP to proceed with its execution, the then total estimated capital expenditures in respect of such capital project (other than planning and definition works costs) of such capital project exceed the Large Capital Project Threshold.
- (mmmmm) **“Large Capital Project Threshold”** means, at a given time, an amount equal to the product of (i) \$500,000,000 multiplied by (ii) the Project CPI Adjustment Factor at such time.
- (nnnnn) **“Lease Agreement”** means the amended and restated lease agreement entered into by OPG and ProjectCo LP on the Effective Date.
- (ooooo) **“Leased Premises”** has the meaning attributed thereto in the Lease Agreement.
- (ppppp) **“Licensee”** has the meaning attributed thereto in the IP Rights Agreement.
- (qqqqq) **“Licensor”** has the meaning attributed thereto in the IP Rights Agreement.
- (rrrrr) **“Local Distribution System”** means the local electricity distribution system owned and operated by the OEB-licensed electricity utility authorized to distribute electricity within the Municipality of Clarington, including to the Leased Premises.
- (sssss) **“Losses”** means Direct Losses and Indirect Losses.
- (ttttt) **“Low Level Waste”** has the meaning attributed thereto in the Lease Agreement.
- (uuuuu) **“Material GA Correspondence”** means any correspondence from a Governmental Authority related to the Services or the Facility which has or could reasonably be expected to have a material impact on the Facility, the Services or any equity partner of ProjectCo LP, including any such correspondence which could result in adverse reputational consequences to an equity partner of ProjectCo LP if such correspondence (or the subject matter thereof) were to be publicized, which correspondence shall not include correspondence between OPG and the

Province of Ontario, acting solely in its capacity as the shareholder of OPG, and routine correspondence with the OEB, the CNSC and/or the IESO.

- (vvvvv) “**MOMA Costs**” has the meaning attributed thereto in Section 8.1.
- (wwwww) “**Month**” means a calendar month.
- (xxxxx) “**Monthly Financing Adjustment**” has the meaning attributed thereto in Section 8.2(a).
- (yyyyy) “**Monthly Operator Payment**” has the meaning attributed thereto in Section 9.1(a).
- (zzzzz) “**NLCA**” means the *Nuclear Liability and Compensation Act* (Canada).
- (aaaaa) “**Non-Nuclear Damage Waterfall**” has the meaning attributed thereto in Section 10.3(a).
- (bbbbbb) “**Non-Owner Parties**” has the meaning attributed thereto in the IPA.
- (ccccc) “**Non-Resident**” means a Person that is, at the relevant time, not resident in Canada for the purposes of the Tax Act or, in the case of a Person that is a partnership, that is not, at the relevant time, a “Canadian partnership” as defined in the Tax Act.
- (ddddd) “**Notice**” means notice in writing given by a Party to the other Party in accordance with the provisions of Section 19.1.
- (eeeeee) “**NSCA**” means the *Nuclear Safety and Control Act* (Canada).
- (ffffff) “**Nuclear Capability Requirements**” means, with respect to a Person, that such Person, or an Affiliate of such Person, has either:
- (i) 
 - (ii) 
- (gggggg) “**Nuclear Damage Waterfall**” has the meaning attributed thereto in Section 10.5(a).
- (hhhhh) “**Nuclear Fuel**” means (i) all fuel assemblies intended for use at the Facility, (ii) all precursor materials and products (including enriched uranium product, enriched and natural uranium hexafluoride, uranium dioxide and uranium

concentrate) and equipment required to manufacture the fuel assemblies, including associated carry inventory or safety stock or such materials and products, and (iii) any ancillary supplies and equipment required for the transport and storage of the fuel assemblies or any such precursor materials or products.

(iiiiii) “**Nuclear Fuel Procurement Plan**” has the meaning attributed thereto in Section 5.12(a).

(jjjjjj) “**Nuclear Incident**” has the meaning attributed thereto in Section 11.1(a)(iii).

(kkkkkk) “**Nuclear Material**” has the meaning attributed to the term “nuclear material” in the NLCA.

(llllll) “**Nuclear Property Damage Insurance Policy**” means a property damage caused by nuclear peril insurance policy or any similar insurance policy that provides coverage for property damage caused by a Nuclear Incident or Release of a Nuclear Substance or a Nuclear Material.

(mmmmmm) “**Nuclear Substance**” has the meaning attributed to the term “nuclear substance” in the NSCA.

(nnnnnn) “**Nuclear Waste**” has the meaning attributed thereto in the Lease Agreement.

(oooooo) “**Nuclear Waste Management Obligations**” has the meaning attributed thereto under the Lease Agreement.

(pppppp) “**OEB**” means the Ontario Energy Board continued under the OEB Act.

(qqqqqq) “**OEB Act**” means the *Ontario Energy Board Act, 1998* (Ontario).

(rrrrrr) “**OEB Application**” means a Rebasing Application or other application to the OEB, by or on behalf of the ProjectCo LP (including a joint application), seeking OEB Cost Recovery.

(ssssss) “**OEB Cost Recovery**” means, the recovery, through payment amounts or payment amount riders in accordance with the regulatory framework and methodologies applied by the OEB of costs and expenses incurred or to be incurred by ProjectCo LP in connection with the Partnership Business or business of ProjectCo GP (including for clarity its operating and capital costs, its cost of capital (including a return on equity and cost of debt) and the Asset Transfer Costs), where such payment amounts, payment amount riders or costs and expenses have been approved by an order of the OEB issued from time to time (i) following the OEB’s review of an OEB Application through the OEB regulatory process, pursuant to section 78.1 of the OEB Act, or (ii) otherwise pursuant to Applicable Laws, in each case, as finally determined.

(tttttt) “**OM&A Base Costs**” has the meaning attributed thereto in Section 5.8(a).

(uuuuuu) **“OM&A Costs”** means all costs and expenses in respect of the business of ProjectCo GP and ProjectCo LP, including the operation, maintenance and administration of the Facility, the Leased Premises and ProjectCo LP which, for clarity include such costs and expenses incurred or paid under this Agreement, including MOMA Costs, and the Lease Agreement, all of which, for clarity, may include costs and expenses incurred or paid before any or all Unit Facilities achieve Commercial Operation; provided, however, that **“OM&A Costs”** shall exclude:

- (i) Post-COD CapEx Costs;
- (ii) any costs and expenses in respect of debt service, depreciation and amortization (other than in respect of Asset Service Fees);
- (iii) Fuel Service Fees;
- (iv) DNNP Costs, including Operational Readiness Costs;
- (v) Landlord Recoverable Tenant Nuclear Waste Costs; and
- (vi) any Monthly Financing Adjustment.

(vvvvvv) **“Operational Readiness Costs”** means costs that would otherwise be payable to the Operator under this Agreement but which have been incurred prior to a Unit Facility being brought into Commercial Operation in order to assist with enabling readiness to operate the associated Unit Facility once it is brought into Commercial Operation, including staffing and personnel costs, costs to develop operational processes, procedures and functions and otherwise plan and prepare for the operation and maintenance of the Facility, personnel training costs and maintenance outage planning costs.

(wwwww) **“Operator”** means OPG acting in its capacity as operator under this Agreement, and not in any other capacity, without derogating from the Operator’s obligations hereunder.

(xxxxxx) **“Operator-Appointed CAM Expert”** means a duly qualified Third Party expert appointed by the Operator to provide a report set forth in Section 8.3(b), which expert shall be experienced in utility cost allocation (with at least seven years’ experience in advising Canadian utilities subject to economic rate regulation in the determination of cost allocation).

(yyyyyy) **“Operator Costs”** means all MOMA Costs incurred or paid by the Operator in its own capacity (including, for clarity, any payments to any of Operator’s Subcontractors).

(zzzzzz) **“Operator Deductible”** has the meaning attributed thereto in Section 11.1(a)(v).

(aaaaaa) **“Operator Indemnitee”** has the meaning attributed thereto in Section 12.1.

(bbbbbbb) **“Operator Party”** means any of the Operator’s agents, Representatives and Subcontractors, but excluding ProjectCo GP and ProjectCo LP, and **“Operator Parties”** will be construed accordingly. For clarity, (i) any Person with whom the Operator enters into a Contract as agent and/or nominee of ProjectCo LP, or with whom the Operator enters into a Contract in the name of ProjectCo LP as its true and lawful attorney in fact, will be ProjectCo LP’s counterparty and not an **“Operator Party”** for any purpose under this Agreement, and (ii) where the Operator enters into a Contract both (A) in its capacity as agent and/or nominee of ProjectCo LP or as ProjectCo LP’s true and lawful attorney in fact, and (B) in its own capacity, then any Person with whom the Operator enters into such Contract will not be considered an **“Operator Party”** for any purpose under this Agreement.

(ccccccc) **“Operator Personnel”** means any individual employed or engaged by or seconded to, the Operator, including any consultants, agents, personnel, staff, augmented staff, labour and other directors, officers and employees of the Operator.

(ddddddd) **“Operator Reimbursement”** has the meaning attributed thereto in Section 9.1(b).

(eeeeeee) **“Operator Related Party Claim”** has the meaning attributed thereto in Section 5.3(f).

(ffffff) **“Operator Transfer”** has the meaning attributed thereto in Section 15.1(a).

(ggggggg) **“OPG”** has the meaning attributed thereto in the preamble to this Agreement.

(hhhhhhh) **“OPG ECA”** means the equity commitment agreement entered into by OPG and ProjectCo LP on the Effective Date.

(iiiiiii) **“OPG Nuclear Fleet”** means the nuclear generating stations owned, leased or operated by OPG or an Affiliate thereof:

- (i) which have been prescribed by regulation for the purposes of section 78.1 of the OEB Act and thereby are subject to economic regulation by the OEB; or
- (ii) for which OPG or an Affiliate thereof has a power purchase agreement or similar agreement for the sale of electrical energy with the IESO,

excluding, for clarity, the Facility.

(jjjjjjj) **“Original MOMA”** has the meaning attributed thereto in the recitals to this Agreement.

(kkkkkkk) **“Other Documentation”** means all materials and documentation that are provided to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the Shareholders and/or directors of ProjectCo GP by (i) the Operator pursuant to the

terms of this Agreement, (ii) the Project Manager pursuant to the terms of the Project Management Agreement, (iii) the Agent pursuant to the terms of the IESO Payments Agreement, or (iv) the Landlord pursuant to the terms of the Lease Agreement; provided, however, that the Other Documentation shall not include any Corporate Records (other than the materials and documentation described in Section 1.1(ss)(iv), which, for clarity, shall constitute “**Other Documentation**” to the extent that they meet the foregoing criteria).

(lllllll) “**Other OPG Nuclear Facilities**” has the meaning attributed thereto in the Lease Agreement.

(mmmmmmm) “**Other OPG Nuclear Sites**” has the meaning attributed thereto in the Lease Agreement.

(nnnnnnn) “**Outage**” means any period of time during which a Unit temporarily ceases to generate any electricity.

(ooooooo) “**Parties**” means ProjectCo LP and OPG and “**Party**” means any one of them.

(ppppppp) “**Partner Government Funding**” means Government Funding for which one or more partners of ProjectCo LP are eligible.

(qqqqqqq) “**Partnership Business**” means the business of ProjectCo LP, consisting of design, development, construction, commissioning, operation, management, maintenance, improvement and repair, and carrying out other activities, including the Facility Purposes, in relation to the Facility, and to exercise any powers permitted to be exercised by general partners and/or limited partnerships in accordance with the *Limited Partnerships Act* (Ontario) that are related or incidental to the foregoing and necessary, convenient or advisable to accomplish any of the foregoing.

(rrrrrrr) “**Permits**” means all permissions, Consents, approvals, certificates, permits, licences (including CNSC Licences), registrations, conditions, screenings, clearances, statutory agreements and similar authorizations required by Applicable Laws, including any development permits, building permits, zoning approvals, and any other planning or development permit needed, in each case, to perform the Services or otherwise to comply with a Party’s obligations under this Agreement.

(sssssss) “**Permitted Operator Transfer**” has the meaning attributed thereto in Section 15.1(a).

(ttttttt) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, limited liability company, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or entity however designated or constituted.

(uuuuuuu) **“Personal Information”** has the meaning attributed thereto in Section 18.5(a).

(vvvvvvvv) **“Planned Outage”** means (i) any Outage which is scheduled or expected to be scheduled with the IESO and (ii) which is set forth in an Approved Business Plan or an Approved Annual Planned Outage OM&A Budget.

(wwwwwww) **“Planned Outage OM&A Costs”** means all OM&A Costs related to a Planned Outage.

(xxxxxxx) **“Post-COD CapEx Costs”** has the meaning attributed thereto in Section 5.10(a).

(yyyyyyy) **“Prime Rate”** means the rate of interest per annum quoted by Royal Bank of Canada from time to time as its reference rate for Canadian dollar demand loans made to its commercial customers in Canada and which it refers to as its “prime rate”, as such rate may be changed by it from time to time.

(zzzzzzz) **“Privacy Laws”** has the meaning attributed thereto in Section 18.5(b).

(aaaaaaa) **“Private Equity Fund”** means a pooled investment fund, or other vehicle, whether open ended or closed ended, established by a sponsor or investment manager, that (i) has raised capital from a multitude of Third Party investors with a reasonable expectation of investing such capital in accordance with a predefined investment strategy or objective for the benefit of those Third Party investors and (ii) was not formed for the exclusive or near-exclusive purpose of investing in ProjectCo LP or otherwise evading, avoiding, or circumventing the transfer restrictions set forth in the Governing Documents of ProjectCo LP and ProjectCo GP. For purposes of this definition, a pooled investment fund will have a “multitude of Third Party investors” only if no single Person, together with such Person’s Affiliates, holds more than 30% of the fund’s aggregate economic interests (including all feeder funds, parallel funds or other vehicles managed by the same sponsor or investment manager for the same strategy).

(bbbbbbb) **“Proceeding”** means an action, demand, suit, arbitration, complaint, grievance, claim, litigation, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure, investigation, audit or inquiry by or before any Governmental Authority or similar body, or any similar matter or proceeding.

(ccccccc) **“Project Agreement Insurance”** has the meaning attributed thereto in Section 10.1(a).

(ddddddd) **“Project Agreements”** means, collectively, the IPA and the agreements described in Section 3.1(a)(i), and **“Project Agreement”** means any one of them.

(eeeeeeee) **“Project CPI”** means the Province of Ontario Gross Domestic Product Implicit Price Index for final domestic demand (GDP-IPI-FDD) established by Statistics Canada or any successor to such index.

(ffffff) **“Project CPI Adjustment Factor”** means, at the relevant time, the quotient obtained by dividing (i) the Project CPI for the month immediately preceding the month within which such time occurs by (ii) the Project CPI for the month of January, 2026.

(gggggggg) **“Project Financing”** means an actual, proposed or prospective (as the context requires) project debt financing with recourse limited to the assets and property of ProjectCo LP and ProjectCo GP, as well as a pledge of the shares in ProjectCo GP of the Shareholders and/or the equity partner units of the ProjectCo LP partners and/or assignments of certain agreements related to the Facility, and any other arrangements, in each case to the extent required by project finance lenders under a project financing.

(hhhhhhhh) **“Project IP License”** has the meaning attributed thereto in the IP Rights Agreement.

(iiiiiii) **“Project Management Agreement”** means the amended and restated development and construction project management agreement entered into by OPG and ProjectCo LP on the Effective Date.

(jjjjjjjj) **“Project Manager”** has the meaning attributed thereto in the Project Management Agreement. For clarity, all references to the Project Manager are references to the Project Manager in its capacity as project manager under the Project Management Agreement, and not in any other capacity.

(kkkkkkkk) **“ProjectCo GP”** means DNNP GP Inc., a corporation existing under the laws of the Province of Ontario and the sole managing general partner of ProjectCo LP.

(llllllll) **“ProjectCo LP”** has the meaning attributed thereto in the preamble to this Agreement.

(mmmmmmmm) **“ProjectCo LP Costs”** means all MOMA Costs incurred or paid (i) by the Operator, acting in its capacity as agent and nominee for ProjectCo LP, or (ii) by ProjectCo LP, which, for clarity, in each case do not include Operator Costs.

(nnnnnnnn) **“ProjectCo LP Government Funding”** means Government Funding for which ProjectCo LP is eligible.

(oooooooo) **“ProjectCo LP Indemnatee”** has the meaning attributed thereto in Section 12.2.

(pppppppp) **“ProjectCo LP Revenue”** has the meaning attributed thereto in the IESO Payments Agreement.

(qqqqqqqq) **“ProjectCo LP Transfer”** has the meaning attributed thereto in Section 15.3(a).

(rrrrrrrr) **“Property Licence”** has the meaning attributed thereto in Section 6.1(a).

(ssssssss) **“Proposed Annual OM&A Base Budget”** has the meaning attributed thereto in Section 5.8(a).

(tttttttt) **“Proposed Annual Planned Outage OM&A Budget”** has the meaning attributed thereto in Section 5.9(a).

(uuuuuuuu) **“Proposed Annual Post-COD CapEx Budget”** has the meaning attributed thereto in Section 5.10(a).

(vvvvvvvv) **“Proposed Business Plan”** has the meaning attributed thereto in Section 5.7(b).

(wwwwwww) **“Proposed Intra Rate Period Business Plan”** has the meaning attributed thereto in Section 5.7(b)

(xxxxxxxx) **“Proposed Rate Period Business Plan”** has the meaning attributed thereto in Section 5.7(a).

(yyyyyyyy) **“Prudent Industry Practices”** means the practices, methods and activities:

- (i) that have been generally accepted in the North American nuclear power industry as prudent practices applicable to (A) the testing and commissioning of nuclear generating facilities, or (B) the management, operation, maintenance, modification, improvement, repair, refurbishment, and/or administration of nuclear generating facilities; and
- (ii) which, in the exercise of skill, diligence, prudence, foresight and reasonable judgment by a prudent Person engaged in similar practices, methods or activities, in light of the facts known or which ought to have been known by such prudent Person at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with safety, good business practices, reliability, expedition and Applicable Laws.

Prudent Industry Practices are not intended to be limited to the optimal practices, methods or activities to the exclusion of all others, but rather are intended to be practices, methods or activities that qualify under paragraphs (i) and (ii), above.

(zzzzzzzz) **“Qualified Successor Operator”** means a Person that:

- (i) holds all of the Permits required as at the time of the proposed Operator Transfer to perform and discharge all of the obligations of (A) the Operator under this Agreement, (B) the Project Manager under the Project

Management Agreement (if in force at the relevant time), (C) the Agent under the IESO Payments Agreement (if in force at the relevant time), and (D) if the Lease Agreement is being transferred to such Person, the Landlord under the Lease Agreement;

- (ii) will have, as at the time of the proposed Operator Transfer, Intellectual Property Rights that are substantially the same as (A) the DNNP IP Rights licensed by the Licensor to the Licensee pursuant to the Project IP License in the IP Rights Agreement, and (B) the Licensor's or the Operator's Fuel Assembly I.P. and other Intellectual Property Rights relating to nuclear fuel used or to be used at the Facility for Facility Purposes (in each case, to the extent of the Licensor's or the Operator's rights or title in respect of the applicable Intellectual Property Rights);
- (iii) meets all of the Financial Capacity Requirements as at the time of the proposed Operator Transfer; and
- (iv) meets all of the Nuclear Capability Requirements as at the time of the proposed Operator Transfer.

(aaaaaaaa) **"Quarterly O&M Report"** has the meaning attributed thereto in Section 5.6(b).

(bbbbbbbbbb) **"Rate Base"** means, at the applicable time, the rate base of ProjectCo LP as approved in an order of the OEB made pursuant to section 78.1 of the OEB Act, as finally determined.

(cccccccc) **"Rate Period"** has the meaning attributed thereto in Section 5.7(a).

(dddddddddd) **"Rating Agencies"** means (i) S&P Global Ratings Canada; (ii) Moody's Canada Inc.; (iii) DBRS Limited; and (iv) any other reputable rating agency acceptable to the Operator and ProjectCo LP, each acting reasonably; and **"Rating Agency"** means any one of them.

(eeeeeeee) **"Rebasing Application"** means an application made by or on behalf of ProjectCo LP to the OEB pursuant to section 78.1 of the OEB Act seeking an order establishing payment amounts in respect of the output generated by the Facility, and the setting or resetting of the Rate Base in respect of ProjectCo LP, during the period to be covered by such order, as finally determined.

(ffffff) **"Receiving Party"** has the meaning attributed thereto in Section 18.1(a).

(ggggggggg) **"Recognized Stock Exchange"** means the Toronto Stock Exchange, New York Stock Exchange, NASDAQ Market, the London Stock Exchange (in each case excluding junior exchanges associated therewith), or such other internationally recognized stock exchange of similar stature designated by ProjectCo LP.

(hhhhhhhhh) **"Recovery Amount"** has the meaning attributed thereto in Section 12.4(i).

(iiiiiii) “**Related Party**” means, in respect of a Person, any Affiliate of such Person.

(jjjjjjjj) “**Related Party Claim**” has the meaning attributed thereto in Section 3.1(a)(iv).

(kkkkkkkkk) “**Related Party Contract**” means a Contract in respect of the Services by or between ProjectCo GP, ProjectCo LP, the Operator (as agent and/or nominee of ProjectCo LP) and/or a Subsidiary thereof, on the one hand, and the Operator (other than in its capacity as agent and/or nominee of ProjectCo LP) and/or a Related Party of the Operator, on the other. For clarity, if (i) both (A) the Operator (other than in its capacity as agent and/or nominee of ProjectCo LP), and (B) ProjectCo GP, ProjectCo LP or the Operator (as agent and/or nominee of ProjectCo LP), are parties to a Contract, and (ii) one or more Persons other than a Related Party of the Operator are party to that Contract, that Contract will not be a “**Related Party Contract**” for purposes of this Agreement.

(lllllllll) “**Release**” means any discharge, spill, release, escape, emission, leak, deposit, dispersion, dumping, seeping, abandoning, placing, introduction or migration into the Environment of any Hazardous Materials, Nuclear Materials or Nuclear Substances.

(mmmmmmmmm) “**Representatives**” means, with respect to any Person, that Person’s Affiliates, and each of its and its Affiliates’ directors, officers, managers, employees, personnel, secondees, augmented staff, agents, contractors, Subcontractors, consultants, financial advisors, counsel, accountants and other advisors. Except for the purposes of Section 1.9, Section 4.3(b), Article 12, Section 13.1, Article 18, Section 20.2, Section 20.4 and Section 20.8 (in each case, for clarity, where this sentence shall not apply), all references to the Representatives of a Person are references to such Representatives when they are acting in their capacity as Representatives of such Person, and not in any other capacity, including, for clarity, while the Operator is the same Person as the Project Manager, the Licensor, the Landlord or the Agent, all references to Representatives of the Operator are references to such Representatives when they are acting in their capacity as Representatives of such Person as Operator, and not in their capacity as Representatives of such Person as the Project Manager, the Licensor, the Landlord or the Agent, respectively.

(nnnnnnnnn) “**Restricted Action**” has the meaning attributed thereto in Section 3.2(a).

(ooooooooo) [REDACTED]

(ppppppppp) “**Sales Taxes**” means all HST, sales, value-added or similar taxes or other transfer taxes, fees and charges imposed or levied by any Governmental Authority on or in respect of the sale or supply of goods or services.

(qqqqqqqqq) “**Schedules**” has the meaning attributed thereto in Section 1.3.

(rrrrrrrrr) “**Services**” means the services to manage, operate, maintain, secure, modify, improve, repair, rehabilitate, refurbish and administer the Leased Premises and the Facility and to manage and administer ProjectCo LP and ProjectCo GP, including as further set out in Schedule A and this Agreement, and any such other services as reasonably required or ancillary with respect to the foregoing.

(sssssssss) “**Shared Costs**” means (i) any costs and expenses of the Operator that are not incurred or paid exclusively or near exclusively for the benefit of ProjectCo LP or any one other Shared Costs Beneficiary and (ii) Asset Service Fees.

(ttttttttt) “**Shared Costs Beneficiary**” has the meaning attributed thereto in Section 1.1(uu).

(uuuuuuuuu) “**Shared Nuclear Property Damage Insurance Policy**” has the meaning attributed thereto in Section 10.2(a)(iii).

(vvvvvvvvv) “**Shared Nuclear Property Damage Premium Ratable Portion**” means, unless the Parties agree otherwise:

- (i) in respect of ProjectCo LP, during the period ending on December 31, 2031, an amount equal to 0.25, and thereafter, a fraction calculated as follows:

$$\frac{(A - B)}{A}$$

and,

- (ii) in respect of OPG, during the period ending on December 31, 2031, an amount equal to 0.75, and thereafter, a fraction calculated as follows:

$$1 - \frac{(A - B)}{A}$$

in each case, *where*:

A equals the final quote provided to the Operator by the nuclear property insurers (or their representative) for the premium for a Shared Nuclear Property Damage Insurance Policy for the Facility, the Leased Premises, the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites; and

B equals the final quote provided to the Operator by the nuclear property insurers (or their representative) for the premium for a Nuclear Property Damage Insurance Policy for the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites, which policy will be assessed on the same terms as *A* above (insofar as possible) but for the inclusion of the Facility and the Leased Premises.

Following December 31, 2031, the Shared Nuclear Property Damage Premium Ratable Portion will be determined by the Operator, acting reasonably and in good faith, at such time that a Shared Nuclear Property Damage Insurance Policy is obtained, following which it will be updated by the Operator at such time that the relevant insurer(s) provide quotes on which to determine the above ratable portions (which the Operator will use commercially reasonable efforts to obtain once per Fiscal Year). Notwithstanding the Shared Nuclear Property Damage Premium Ratable Portion in respect of each Party set forth above, ProjectCo LP's Shared Nuclear Property Damage Premium Ratable Portion will be deemed equal to zero and OPG's Shared Nuclear Property Damage Premium Ratable Portion will be deemed equal to one prior to such time that the Shared Nuclear Property Damage Insurance Policy provides coverage for the Facility and the Leased Premises and, provided further that, if the Shared Nuclear Property Damage Insurance Policy provides coverage only for a partial period, then each Party's Shared Nuclear Property Damage Premium Ratable Portion will be adjusted pro rata temporis for such period that each Party receives coverage.

(wwwwwwwww) **“Shared Nuclear Property Damage Proceeds Ratable Portion”** means, in respect of ProjectCo LP, a fraction calculated as follows:

$$\frac{A}{A + B}$$

and, in respect of OPG, a fraction calculated as follows:

$$\frac{B}{A + B}$$

where:

A equals the assessed Losses at the Facility and the Leased Premises as a result of an insurable event or events covered by the Shared Nuclear Property Damage Insurance Policy (where such Losses shall have been assessed by the insurers or their representative in accordance with the relevant policy); and

B equals the assessed Losses at the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites as a result of an insurable event or events covered by the Shared Nuclear Property Damage Insurance Policy (where such Losses shall have been assessed by the insurers or their representative in accordance with the relevant policy).

The Shared Nuclear Property Damage Proceeds Ratable Portion will be determined by the Operator, acting reasonably and in good faith, at such time that all such assessed Losses for the Facility, the Leased Premises, the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites in respect of a Shared Nuclear Property Damage Insurance Policy and the relevant policy coverage period have been finally determined.

(xxxxxxxxx) “**Shareholders**” means the shareholders of ProjectCo GP.

(yyyyyyyyy) “**Site**” has the meaning attributed thereto in the Lease Agreement.

(zzzzzzzzz) “**Software**” means all versions of computer programs, including all related source code and object code, procedures, rules, modules, scripts, routines, sub-routines, databases, data and files, field and data definitions and relationships, data definition specifications, data models, system logic, algorithms, program architecture, design concepts, system designs and report layouts, documentation, manuals, together with bug fixes, error-correction releases, updates, upgrades, enhancements, modifications, changes, new versions and replacements thereof.

(aaaaaaaaa) “**Specified Allocation Amendment Condition**” has the meaning attributed thereto in Section 8.3(d).

(bbbbbbbbbbb) “**Stoppage Vote Resolution**” means a resolution of the Shareholders, the content of which being a proposal to permanently cease the development, construction and commissioning of the Facility (or one or more of the Unit Facilities comprising the Facility).

(ccccccccc) “**Stopped Unit Facility**” or “**Stopped Unit Facilities**” means (i) the Unit Facility or Unit Facilities, as applicable, to which a Stoppage Vote Resolution that has passed relates, and (ii) for clarity, where a Stoppage Vote Resolution that has passed relates to the Facility, all Unit Facilities that had then been approved by ProjectCo LP for construction and commissioning.

(ddddddddddd) “**Subcontract**” means any contract entered into by or between a Party and any Subcontractor or between any Subcontractor at any tier and any other Subcontractor at any tier in relation to any aspect of a Party’s obligations under this Agreement.

(eeeeeeeeeee) “**Subcontractor**” means, in respect of a Party, a Person engaged by such Party or any Subcontractor at any tier of such Party to perform such Party’s obligations under this Agreement, including any consultants, representatives and agents of such Party or a Subcontractor of such Party.

(fffffffffff) “**Subsidiary**” means, with respect to any Person, any other Person that is directly or indirectly Controlled by such Person.

(ggggggggggg) “**Tangible Net Worth**” means the aggregate value of all assets of a Person after eliminating from the calculation intangible assets (including all assets classified as intellectual property, goodwill or licences on the balance sheet of such Person) and future income tax benefits, less the aggregate of all liabilities of such Person, provided that, for clarity, assets of a Person shall include the amount of any guarantee, equity or funding commitment or other credit support in respect of such Person that is delivered or provided by an Affiliate of such Person or a third party Person on terms acceptable to the Parties, acting reasonably.

(hhhhhhhhhhh) “**Tax Act**” means the *Income Tax Act* (Canada).

(iiiiiiiiiii) “**Taxes**” means (i) any and all taxes, levies, imposts, duties, fees, withholdings, assessments, premiums, deductions or charges whatsoever, whether directly or indirectly imposed assessed, levied or collected by any Governmental Authority, together with interest thereon and penalties with respect thereto, including taxes or payments in lieu thereof imposed by the Tax Act, the Electricity Act or any similar statute in any jurisdiction, including Ontario, and (ii) any liability for the payment of amounts with respect to payment of a type described in item (i), including as a result of succeeding to such liability as a result of merger, conversion or asset transfer or as a result of any obligation under any tax sharing arrangement or tax indemnity agreement.

(jjjjjjjjjjj) “**Technology Collaboration Agreement**” means the Technology Collaboration Agreement dated as of December 23, 2022, between OPG, GE Vernova Hitachi Nuclear Energy Americas LLC, and any other parties from time to time party thereto.

(kkkkkkkkkkk) “**Tenant Nuclear Waste Scope**” has the meaning attributed thereto in the Lease Agreement.

(lllllllllll) “**Term**” has the meaning attributed thereto in Section 14.1(a).

(mmmmmmmmmmm) “**Third Party**” means any Person other than a Party or an Affiliate of a Party.

(nnnnnnnnnnn) “**Third Party CAM Expert**” has the meaning attributed thereto in Section 8.3(g).

(ooooooooooo) “**Third Party Claim**” means, in respect of a Party, a Claim by any Person against that Party other than: (i) a Claim by an Affiliate of that Party, (ii) a Claim by another Party, or (iii) a Claim by any Person who owns or holds, directly or indirectly, a direct or indirect legal or beneficial interest in any Equity Interests in that Party and such Claim is made in that Person’s capacity as an owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in that Party.

(ppppppppppp) “**Transfer**” means any sale, assignment, transfer or other disposition by a Party of this Agreement or any of its interests in this Agreement, including any sale, assignment, transfer or other disposition of this Agreement or interests in this Agreement made by way of receivership or seizure by legal process or by operation of law; provided that, and notwithstanding the foregoing, for clarity, a direct or indirect change in the ownership of Equity Interests in such Party or any Person that directly or indirectly holds Equity Interests in such Party, including where such change results in a change of Control of such Party, is not a “**Transfer**”.

(qqqqqqqqqqq) “**Transmission Company**” means Hydro One Networks Inc.

(rrrrrrrrrr) **“Transmission System Code”** means the code in respect of the transmission system established and approved by the OEB and in effect from time to time.

(ssssssssss) **“UCF”** means the “Unit Capability Factor” (defined by reference to, and calculated in accordance with, the WANO Performance Indicator Programme Reference Manual or any superseding or succeeding document).

(tttttttttt) **“Unit 1”** means the first approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, being developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology. For clarity, the associated electrical generating and other infrastructure referenced in this definition of “Unit 1” includes infrastructure that will be common to all nuclear electrical generating units forming part of the Facility.

(uuuuuuuuuu) **“Unit 1 Facility”** means:

- (i) Unit 1;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 1 Facility; and
- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 1 Facility.

(vvvvvvvvvv) **“Unit 2”** means the second approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(wwwwwwwww) **“Unit 2 Facility”** means:

- (i) Unit 2;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 2 and/or one or more additional nuclear electrical generating units forming

part of the Facility, where determined by ProjectCo LP to be part of the Unit 2 Facility; and

- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 2 Facility.

(xxxxxxxxxx) “**Unit 3**” means the third approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(yyyyyyyyyyy) “**Unit 3 Facility**” means:

- (i) Unit 3;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 3 Facility; and
- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 3 Facility.

(zzzzzzzzzz) “**Unit 4**” means the fourth approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(aaaaaaaaaaa) “**Unit 4 Facility**” means:

- (i) Unit 4;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 4 Facility; and

(iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 4 Facility.

(bbbbbbbbbbbb) “**Unit Facilities**” means the Unit 1 Facility, the Unit 2 Facility, the Unit 3 Facility and the Unit 4 Facility, as applicable, and “**Unit Facility**” means any one of them.

(ccccccccccc) “**Units**” means, collectively, Unit 1, Unit 2, Unit 3 and Unit 4, and “**Unit**” means any one of them.

(ddddddddddd) “**Unplanned Outage**” means any Outage that does not constitute a Planned Outage.

(eeeeeeeeeee) “**WANO**” means the World Association of Nuclear Operators.

(ffffffffffff) “**Wholly-Owned Affiliate**” means, with respect to any Person (the “**First Person**”), any other Person (i) that is a Wholly-Owned Subsidiary of the First Person; (ii) of which the First Person is a Wholly-Owned Subsidiary; or (iii) that is a Wholly-Owned Subsidiary of another Person (the “**Third Person**”) and the First Person is also a Wholly-Owned Subsidiary of the Third Person; provided that, and notwithstanding the foregoing, the provisos set out in Section 1.1(d)(i), Section 1.1(d)(ii) and Section 1.1(d)(iii) shall apply to the foregoing definition *mutatis mutandis*.

(gggggggggggg) “**Wholly-Owned Subsidiary**” of a Person means another Person in which Equity Interests representing 100% of the equity and 100% of the voting power are, at the time any determination is being made, owned by such first Person (including indirectly through more than one other Persons, where Equity Interests in each of such Persons representing 100% of the equity and 100% of the voting power are, at the time such determination is being made, owned by such first Person). For clarity, any Wholly-Owned Subsidiary of a Person that is itself a Wholly-Owned Subsidiary of another Person is a Wholly-Owned Subsidiary of that second mentioned Person and so on.

(hhhhhhhhhhhh) “**Wind-down Work**” means all of the activities required by Applicable Laws to permanently wind-down a Stopped Unit Facility, including all required demobilization, dismantlement, demolition, remediation and other work associated therewith (but excluding any such activities involving Nuclear Fuel or Nuclear Waste, if any, in respect of such Stopped Unit Facility) following the passage of a Stoppage Vote Resolution in respect of such Stopped Unit Facility.

(iiiiiiiiiii) [REDACTED]

1.2 Amendment and Restatement

Effective as of the Effective Date, pursuant to section 20.5 of the Original MOMA, the Original MOMA shall be and is hereby amended and restated in its entirety with this Agreement, provided that, for clarity, the rights or obligations of any Party which have accrued prior to the Effective Date shall be unaffected by the execution of this Agreement. The Parties hereby agree that this Agreement and the transactions contemplated hereby do not constitute a novation, rescission or termination of any of the rights or obligations of the Parties under the Original MOMA.

1.3 Schedules

The following schedules (the “**Schedules**”) are attached hereto and form a part of this Agreement:

Schedule A	–	Services
Schedule B	–	Insurance Requirements
Schedule C	–	Dispute Resolution Procedure
Schedule D	–	Enumerated Conditions
Schedule E	–	Restricted Actions

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Gender, Number and Grammatical Changes

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

1.6 Currency

All amounts in this Agreement are stated and shall be paid in Canadian currency, unless otherwise specified.

1.7 Statutes

Any reference in this Agreement to a statute or to a regulation or rule promulgated under a statute or to any provision of a statute, regulation or rule will be a reference to the statute, regulation, rule or provision, as amended, re-enacted or replaced from time to time.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement. To the extent permitted by Applicable Laws, the Parties waive any provision of Applicable Laws which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall endeavour in good faith to agree to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.9 Preparation of Agreement

The terms and conditions of this Agreement are the result of negotiations between the Parties and the Parties agree that this Agreement will not be construed in favour of or against any Party by reason of the extent that any Party or any of its Representatives participated in the preparation of this Agreement.

1.10 Accounting Terms

Except as otherwise noted, all terms of an accounting or financial nature used in this Agreement, if any, shall be interpreted and applied in accordance with Generally Accepted Accounting Principles.

1.11 Miscellaneous

- (a) References containing terms such as “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, shall be deemed to not be limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.
- (b) Whenever the terms “will” or “shall” are used in this Agreement they shall be construed and interpreted as synonymous and to read “shall”.
- (c) The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or thing extends and shall not simply mean “if”.
- (d) The phrase “finally determined” shall mean, in respect of a matter, that such matter has been finally determined or decided by a court or tribunal of competent jurisdiction and (i) no appeal or review of such determination or decision has timely been sought if capable of being sought or (ii) any and all rights of appeal or review properly exercised have otherwise been exhausted.
- (e) References to any Person, including a Party, include the permitted successors and permitted assigns of that Person, provided that, for clarity, with respect to a Party, such successor or assign is specifically permitted pursuant to this Agreement.

- (f) The words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement unless expressly so limited.
- (g) References to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to, this Agreement unless otherwise specified.
- (h) Where this Agreement states that an obligation shall be performed “no later than” or “within” or “by” a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (i) Where this Agreement states that an obligation shall be performed “on” a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (j) Unless the context otherwise requires, all references to “days” means calendar days.
- (k) References to from or through any date mean, unless otherwise specified, from and including or through and including, respectively.
- (l) Unless otherwise specified, any reference to time of day or date means the local time or date in Toronto, Ontario.
- (m) References to any standard, principle, Contract, OEB Application or document include a reference to that standard, principle, Contract, OEB Application or document as amended, supplemented, restated, substituted, replaced, novated or assigned from time to time.

ARTICLE 2 APPOINTMENT

2.1 Appointment of the Operator

- (a) ProjectCo LP hereby irrevocably and exclusively appoints the Operator as “operator” for the duration of the Term to:
 - (i) provide the Services; and
 - (ii) enter into (or continue to be party to), or amend or terminate any Project Agreements (A) as agent and nominee of ProjectCo LP, or (B) in the name of and on behalf of ProjectCo LP pursuant to Section 2.1(b),

on the terms and conditions set forth in this Agreement. The Operator will provide the Services in accordance with this Agreement and have complete authority over the care, custody and control of the Leased Premises and the Facility, subject to Section 3.2.

- (b) ProjectCo LP hereby appoints the Operator as its true and lawful attorney in fact for the duration of the Term and grants to the Operator, acting as its agent and nominee, the full power and authority to bind ProjectCo LP, to the extent permitted by, and at all times subject to and in compliance with, this Agreement. It is expressly intended and understood by ProjectCo LP that the grant of the power of attorney contemplated by this Section 2.1(b) is coupled with an interest and is irrevocable for the duration of the Term.
- (c) During the Term, ProjectCo LP agrees that the Operator has been appointed on an exclusive basis to perform the Services and ProjectCo LP will not be entitled to:
 - (i) perform, or retain any other Person to perform, any of the Services (other than services to be performed under the other Facility Documents and other than services to be provided pursuant to a Contract entered into by the Operator as agent and nominee of ProjectCo LP or with whom the Operator enters into a Contract in the name of ProjectCo LP as its true and lawful attorney in fact);
 - (ii) enter into, amend or terminate (other than this Agreement or any other Facility Document) any Contracts in respect of the provision of the Services (other than services to be performed under the other Facility Documents and other than services to be provided pursuant to a Contract entered into by the Operator as agent and nominee of ProjectCo LP or with whom the Operator enters into a Contract in the name of ProjectCo LP as its true and lawful attorney in fact);
 - (iii) revoke the appointment of the Operator as “operator” or the mandate of the Operator as “operator”; or
 - (iv) revoke the appointment of the Operator as its true and lawful attorney in fact in accordance with Section 2.1(b).

2.2 Acceptance of Appointment

The Operator hereby accepts the appointment provided for in Section 2.1 and agrees to act in such capacity and to provide or cause to be provided the Services to ProjectCo LP on the terms and conditions set forth in this Agreement.

2.3 Notification to Third Parties and Documentation of Authority

ProjectCo LP will notify Third Parties and will furnish the Operator with such specific powers of attorney, directions, certificates of authority, notices and such other evidence of authority, as requested by the Operator, to document the Operator’s authority under this Agreement for the provision of the Services.

ARTICLE 3 POWERS AND AUTHORITY OF THE OPERATOR

3.1 Powers and Authority of the Operator

- (a) Without limiting the generality of Section 2.1(a) and subject to Section 3.2, the Operator will have authority, during the Term, to provide the Services, including, to the extent related to the provision of the Services, to:
 - (i) negotiate, execute and deliver on behalf of ProjectCo LP (either as agent and nominee of ProjectCo LP or in the name of ProjectCo LP), or in the Operator's own capacity, any Contract (other than the Facility Documents and the OPG ECA), document or other instrument, and amend, extend or terminate the same, on terms considered reasonable to the Operator as necessary or desirable to perform the Services, provided that such Contracts are consistent with the terms and conditions of this Agreement and the authority delegated to the Operator hereunder;
 - (ii) administer and manage all Project Agreements;
 - (iii) retain or engage, on behalf of ProjectCo LP or as agent and nominee of ProjectCo LP, pursuant to the Project Agreements, goods and services providers, contractors, and technical, legal, accounting, regulatory and other advisors under the Operator's supervision;
 - (iv) incur any cost or expense and authorize and process payments on behalf of ProjectCo LP in connection with the performance of the Services, including all amounts payable to the Operator under this Agreement that are not being disputed by ProjectCo LP in accordance with Section 9.3(a);
 - (v) make all applications and filings with Governmental Authorities required to be made on behalf of ProjectCo GP and ProjectCo LP, as determined by the Operator;
 - (vi) manage the conduct of all Claims in connection with the Leased Premises, the Facility and/or any Unit Facility, as applicable, or the Services or any Permits, other than:
 - (A) an Operator Related Party Claim; or
 - (B) any Claim or Proceeding brought by: (1) ProjectCo LP against the Operator, or by the Operator against ProjectCo LP, in respect of this Agreement; (2) ProjectCo LP against the Project Manager, or by the Project Manager against ProjectCo LP, in respect of the Project Management Agreement; (3) ProjectCo LP against the Landlord, or by the Landlord against ProjectCo LP, in respect of the Lease Agreement (so long as the Landlord and the Operator are the same Person or Affiliates); (4) ProjectCo LP against the Agent, or by the

Agent against ProjectCo LP, in respect of the IESO Payments Agreement; (5) ProjectCo LP against the Licensor, or by the Licensor against ProjectCo LP, in respect of the IP Rights Agreement (so long as the Operator and the Licensor are the same Person or Affiliates); or (6) ProjectCo LP against OPG, or by OPG against ProjectCo LP, in respect of the OPG ECA,

(collectively, all such Claims and Proceedings being “**Related Party Claims**”); and

- (vii) give any consent, waiver or instruction under any Project Agreement.
- (b) For clarity, and subject to Section 3.2, the Operator will have the authority, during the Term, to take, or refrain from taking, any action related to the Services, whether or not set forth in Section 3.1(a), above, to the extent consistent with the Conditions of Performance and its other obligations under this Agreement.
- (c) ProjectCo LP will cause such resolutions to be passed and documents to be executed and delivered, and to do all things reasonably necessary, to grant the Operator the authority contemplated under this Section 3.1.

3.2 Limitation on Power and Authority

- (a) Notwithstanding anything to the contrary in this Agreement (other than Section 3.2(b) and Section 3.3), the Operator will, prior to the taking of any action (including the incurrence of any costs or expenses associated therewith) set forth on Schedule E (each, a “**Restricted Action**”), provide ProjectCo LP with a Notice requesting ProjectCo LP’s approval of such action. As soon as practicable following receipt of a Notice contemplated by the preceding sentence, ProjectCo LP will consider the Restricted Action described therein and will promptly inform the Operator as to whether the proposed taking of such Restricted Action is approved. Subject to Section 3.2(b) and Section 3.3, the Operator will not take a Restricted Action unless and until such Restricted Action has been approved by ProjectCo LP and, if approved, the Operator will implement such Restricted Action subject to and in accordance with the decision approving such Restricted Action. For clarity: (i) the Operator will not be entitled to implement or otherwise be involved in (A) a Related Party Claim for or on behalf of ProjectCo LP or (B) the exercise of any rights set forth in Exhibit E-1 of Schedule E; and (ii) no Operator Indemnatee will have any liability whatsoever for any Losses incurred by ProjectCo LP as a result of ProjectCo LP declining to approve a proposed Restricted Action.
- (b) Notwithstanding the foregoing Section 3.2(a), the Operator will be permitted to take any action (including the incurrence of any cost or expense and including a Restricted Action) without ProjectCo LP approval to the extent required to respond to or mitigate any Emergency Event for the duration thereof, provided such actions are taken in accordance with the Conditions of Performance and the Operator notifies ProjectCo LP as soon as practicable following the discovery of such

Emergency Event, but no later than 72 hours following such discovery. Such initial notice shall be in writing and shall inform ProjectCo LP of the existence or occurrence of the Emergency Event including a summary description thereof and any mitigating and/or corrective actions being undertaken by the Operator. Promptly following such time that the Operator has resolved the Emergency Event, and in any event no later than five Business Days following such resolution, the Operator will provide a further notice to ProjectCo LP providing full particulars of the Emergency Event and the mitigating and/or corrective actions taken to respond to such Emergency Event, as known. As soon as reasonably practicable following the resolution of the Emergency Event, the Operator will provide a notice to ProjectCo LP providing details in respect of the estimated MOMA Costs incurred to respond to such Emergency Event. For clarity, any actions taken or costs incurred by the Operator outside of the period of time during which the Emergency Event continues to occur shall be taken or incurred in accordance with Section 3.2(a), to the extent applicable.

3.3 CNSC Licences and Applicable Laws

- (a) The Operator will hold the CNSC Licences and will manage all Proceedings and communications in respect thereof, including any CNSC Licences to operate and maintain the Facility or any Unit Facility.
- (b) The Parties acknowledge and agree that the delegation of authority set forth under this Agreement is required of ProjectCo LP as the Operator will hold all CNSC Licences. The Operator will be responsible for obtaining and maintaining all CNSC Licences in respect of the Facility.
- (c) Notwithstanding anything in this Agreement (including Section 3.2 and any of the Restricted Actions), the Operator will have full authority and discretion to act, or refrain from acting, as required to comply with Applicable Laws, including any CNSC Licence, as the case may be, for the Facility or any part thereof and the costs and expenses incurred by the Operator in connection therewith will constitute MOMA Costs and will be paid or reimbursed to the Operator in accordance with the provisions of this Agreement.
- (d) ProjectCo LP hereby authorizes the Operator to utilize and employ its corporate governance procedures and nuclear management systems (as such procedures and management systems may change from time to time in the discretion of the Operator or at the direction of the CNSC) to the extent applicable to the Facility, the Services or the Leased Premises in order to provide the Services in accordance with this Agreement and ProjectCo LP acknowledges and agrees that the Operator, as the CNSC licensee, will have unfettered care, custody and control of the Leased Premises required to ensure the health, safety, and security of individuals and the Environment, in accordance with the Conditions of Performance and any CNSC Licences.

- (e) ProjectCo LP acknowledges and agrees that the Operator will, during the Term, have full authority and responsibility to:
 - (i) establish and control the use and occupation of any exclusion zone required by Applicable Laws or any CNSC Licence;
 - (ii) implement, maintain and modify its nuclear management system; and
 - (iii) implement, maintain and modify all programs required under any CNSC Licence, including programs with respect to public information and disclosure, human performance, training, fitness for service, conduct of licenced activities, reporting, construction and commissioning, safety analysis, design, pressure boundary, equipment and structure qualification, radiation protection, conventional health and safety, environmental protection, emergency preparedness, fire protection, waste management, packaging and transport of Nuclear Substances, security, safeguards, environmental assessment follow-up, and Indigenous Groups and communities engagement.
- (f) As between the Operator and ProjectCo LP, the Operator will:
 - (i) retain full responsibility over Indigenous Groups and communities engagement activities related to the Facility, the Leased Premises and the Services throughout the Term; and
 - (ii) continue to fulfill all obligations of ProjectCo LP under Applicable Laws regarding engagement with Indigenous Groups and communities related to the Facility, in accordance with the requirements of the CNSC Licences, all applicable Permits and Applicable Laws,

subject in the case of this Section 3.3(f), to Section 3.2 with respect to the Restricted Actions.

3.4 Control of Services

Subject to Section 3.2, the Operator has and hereby retains the right to exercise full discretion, control, management and supervision of the Services and full control over the employment, direction, compensation and discharge of all Persons engaged by it in the performance of its obligations under this Agreement.

3.5 Binding on ProjectCo LP

ProjectCo LP will be bound by and perform, observe and carry out, as necessary, all actions, obligations and restrictions undertaken or agreed to by the Operator, in compliance with this Agreement, pursuant to the authority granted to the Operator under this Agreement for the provision of the Services.

ARTICLE 4 GENERAL ROLE

4.1 No Partnership

Nothing contained in this Agreement will be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability, or a landlord and tenant or fiduciary relationship on or with regard to any Party. Except as expressly provided herein, each Party will be solely liable for its own obligations under this Agreement.

4.2 Independent Contractor

The Operator will at all times be deemed an independent contractor and none of its employees will be considered employees of ProjectCo LP by operation of this Agreement.

4.3 ProjectCo LP's Acknowledgement of Other Business Interests

- (a) Without derogating from the Operator's obligations under this Agreement, ProjectCo LP acknowledges that OPG and its Affiliates:
 - (i) without limiting Sections 4.4 and 5.3, will not, and are not required to, exclusively devote their personnel and resources for the benefit of the Facility or the Services; and
 - (ii) are or, subject to Applicable Laws, may become engaged, directly or indirectly, in a variety of other business interests which include the ownership, financing, development, construction, operation, maintenance and management of electricity generating stations.
- (b) Each Party acknowledges and agrees that the other Party, its shareholders, partners and its and their Representatives may have other business interests, even though such business interests may be similar to or competitive with those of ProjectCo LP.

4.4 Non-Discrimination

- (a) Without limiting the other obligations contained in this Agreement, but subject to Section 4.4(c), to the extent that services comparable to a Service provided by the Operator are also used internally by OPG or provided by OPG to its Affiliates or a Third Party (including as it relates to managing Outages or electricity generation), the Operator will provide such Service to ProjectCo LP in a fair and reasonable and non-discriminatory manner and will not give undue preference or priority to OPG, its Affiliates or such Third Party, as applicable, including any of the other facilities in the Combined Nuclear Fleet. For clarity, the Operator will not provide Services to, or withhold Services from, ProjectCo LP with the specific intent of maximizing the economic return to OPG from the OPG Nuclear Fleet at the expense of ProjectCo LP.

- (b) Subject to and without limiting Section 4.4(c), the Operator will act in accordance with the following principles, in descending order of priority, in the event that it needs to allocate available resources amongst the OPG Nuclear Fleet or any other facility in respect of which OPG provides services, and the Facility:
 - (i) responding to, or mitigating an Emergency Event or any other emergency at any of the facilities in the Combined Nuclear Fleet, or any other facility in respect of which OPG provides services; and
 - (ii) complying with requirements or directives relating to electricity grid reliability or other regulatory requirements issued by the IESO or any other applicable bulk electric system operator.
- (c) This Section 4.4 does not apply to the deployment, engagement or assignment of, or work undertaken by, any individual employed by or seconded to OPG or any of its Affiliates (including, for clarity, any augmented staff used by OPG or any of its Affiliates), in each case who is dedicated to a site, facility, or project that is not the Facility or who is performing work or services that do not relate to the Services, provided that the decision to so dedicate such employees, secondees or augmented staff has not been made with the specific intent of harming ProjectCo LP, and OPG will have no obligation to reassign, re-deploy or re-engage any such dedicated employees, secondees or augmented staff to the Facility or to the Services.
- (d) The Operator will cause its Affiliates to comply with this Section 4.4.

ARTICLE 5

DUTIES OF THE OPERATOR

5.1 Provision of Services

- (a) The Operator will provide the Services during the Term.
- (b) As part of the Services, the Operator agrees that it will perform or cause to be performed all of ProjectCo LP's and ProjectCo GP's obligations under the Contracts to which they are party, including their respective Governing Documents, the Facility Documents, the OPG ECA and the Project Agreements, including exercising all of ProjectCo LP's and ProjectCo GP's rights and remedies arising under such Contracts and in accordance with the terms and conditions of such Contracts, including the applicable conditions of performance.

5.2 Conditions of Performance

- (a) The Operator will perform the Services and fulfil its other obligations under this Agreement, including those obligations arising thereunder with respect to the CNSC Licences:
 - (i) in accordance with all Applicable Laws (including all Permits);

- (ii) in accordance with the nuclear safety and security practices and culture adopted and promoted by OPG at other nuclear facilities owned and/or operated by OPG from time to time;
- (iii) in accordance with the terms and conditions of this Agreement;
- (iv) subject to and without limiting Section 5.2(a)(i), 5.2(a)(ii) and 5.2(a)(iii), above, in accordance with:
 - (A) Prudent Industry Practices;
 - (B) applicable manufacturer and designer specifications and operations and maintenance manuals so as to: (I) keep the Facility in good operating condition, ordinary wear and tear excepted, and (II) keep all material warranties with respect to the Facility, or any part thereof, in full force and effect;
 - (C) applicable contractual obligations under the Project Agreements and the applicable contractual obligations under the Facility Documents, to the extent that such contractual obligations relate to the performance of the Services;
 - (D) the requirements of the insurance policies maintained in respect of the Facility and the Services;
 - (E) to the extent applicable, the Transmission System Code and the IESO Market Rules and the terms and conditions of any Connection Agreements, and
- (v) subject to and without limiting Sections 5.2(a)(i), 5.2(a)(ii), 5.2(a)(iii) and 5.2(a)(iv), above, using Prudent Industry Practices to maximize Facility availability and to optimize its useful life,

(collectively, the “**Conditions of Performance**”), provided that, notwithstanding the foregoing and any other provision to the contrary in this Agreement, no Operator Indemnatee will be liable to ProjectCo LP for any failure by the Operator to satisfy the Conditions of Performance, including any Losses incurred or sustained by ProjectCo LP as a result thereof, except to the extent set forth in Article 11 and Article 12.

- (b) In the event of any conflict or inconsistency between or among any of the individual Conditions of Performance, the Operator will resolve the inconsistency, acting in good faith and reasonably, using Prudent Industry Practices; provided that, where any Condition of Performance contained in Sections 5.2(a)(ii) to 5.2(a)(v) conflict with Applicable Law, the relevant Applicable Law will prevail.
- (c) Notwithstanding Section 5.2(a) or 5.2(b), in no circumstances will the Operator be required to perform or not perform any Services or other obligations under this

Agreement to the extent such performance or non-performance would breach Applicable Laws.

- (d) Without limiting the Operator's obligations in Section 5.2(a), ProjectCo LP acknowledges and agrees that the Operator does not guarantee or warrant any minimum capacity, availability or performance of the Facility or that the Facility will operate at all, or any maximum amount of MOMA Costs. The Operator will, as part of the Services, enforce the applicable warranties and performance guarantees provided under the Project Agreements for the benefit of ProjectCo LP.
- (e) The Operator will use commercially reasonable efforts to mitigate the effects of, and overcome, an event of Force Majeure on the operation of the Facility or the provision of the Services (and any such efforts shall constitute part of the Services hereunder).

5.3 Subcontracting, Labour and Employment

- (a) The Operator will furnish and make available as necessary the labour and professional, supervisory, managerial and senior oversight Operator Personnel required to perform the Services, including key contact Operator Personnel in respect of the Services. All such Persons will remain within the sole authority, control and responsibility of the Operator, its Affiliates or Operator Parties, as applicable, including with respect to the determination of working hours and other working conditions and rates of compensation.
- (b) For clarity, all costs and expenses incurred or paid and any other impact of labour negotiations and any labour disruptions experienced by the Operator or its Affiliates, to the extent that they relate to the provision of the Services by Operator Personnel, will constitute MOMA Costs. The settlement of any strikes, lockouts or labour disputes under labour agreements and the negotiation of any labour agreements relating to such Operator Personnel pursuant to Applicable Laws will be in the sole discretion of the Operator or its Affiliates, as applicable.
- (c) Subject to the terms and conditions of this Agreement, the Operator will manage all matters pertaining to hiring, selection, training, supervision, direction, compensation, working conditions, availability, termination, safety and related matters pertaining to the Operator Personnel.
- (d) The Operator will ensure that the Operator Personnel performing any part of the Services are duly qualified with the requisite experience, skills and capacity necessary to perform the relevant Services.
- (e) The Operator will be permitted to subcontract aspects of the performance of the Services to Operator Parties; provided, however, that no such subcontracting by the Operator to any Operator Party will relieve the Operator of its obligations under this Agreement and the Operator will be responsible for the acts and omissions of the Operator Parties subject to and in accordance with the terms and conditions of this Agreement.

(f) The Operator will cause each of its Affiliates who is an Operator Party to comply with its obligations under any Project Agreement to which it is party if (a) such Affiliate is a Wholly-Owned Subsidiary of the Operator, or (b) such Affiliate is otherwise Controlled by the Operator and the Governing Documents of such Affiliate do not prevent the Operator from causing such Affiliate to comply with its obligations under any Project Agreement to which it is party. The Operator will enforce its and ProjectCo LP's rights against the Operator Parties to the benefit of ProjectCo LP, and all costs and expenses associated therewith will constitute MOMA Costs; provided, however, that to the extent that:

- (i) such Operator Party is an Affiliate of Operator; and
- (ii) the Operator reasonably, and in good faith, asserts that such Operator Party is not in breach of its obligations under the applicable Contract and ProjectCo LP disputes such assertion,

then, ProjectCo LP may enforce such Contract against such Operator Party (any resulting Claim to so enforce such Contract being an “**Operator Related Party Claim**”). If ProjectCo LP elects to bring an Operator Related Party Claim, (A) the conduct and management of such Operator Related Party Claim will not constitute part of the Services; (B) the Operator shall have no obligations under this Agreement with respect to such Operator Related Party Claim; (C) ProjectCo LP shall be responsible for all of its costs and expenses in connection with such Operator Related Party Claim (but without prejudice to an arbitrator or court to award costs in accordance with its applicable procedures); and (D) any costs and expenses of the Operator Party in connection with such Operator Related Party Claim shall not constitute MOMA Costs hereunder (without prejudice to an arbitrator or court to award costs in accordance with its applicable procedures). For clarity, the application of the provisions of this Agreement to the Project Agreement to which an Operator Related Party Claim relates shall be unaffected by the bringing of such Operator Related Party Claim.

- (g) If any Operator Personnel commits fraud, intentional misrepresentation, or willful misconduct in connection with the provision of the Services, then ProjectCo LP will have the right to require that such Operator Personnel no longer be involved in the provision of the Services; provided, however, that if such individual is not dedicated exclusively to the Services or to the Facility, the Operator will be required to remove such individual from the direct or indirect provision of the Services only to the extent practicable.
- (h) Any failure of any Subcontractor or Operator Party to perform its obligations under the applicable Subcontract or Project Agreement due to a Force Majeure affecting the work to be performed by the applicable Subcontractor or Operator Party shall not be considered a breach by the Operator of its obligations under this Agreement, provided that the foregoing shall not relieve the Operator from its obligations hereunder with respect to the enforcement and management of the applicable Subcontract or Project Agreement.

5.4 Other Permits

The Operator will be responsible for obtaining and maintaining all current and future Permits for which the Operator, ProjectCo GP or ProjectCo LP is responsible for under the Project Agreements (other than those Permits which the Project Manager obtains and maintains under the Project Management Agreement).

5.5 Title to Materials, Equipment, Etc.

- (a) As between the Operator and ProjectCo LP, title to all materials, equipment, supplies, consumables and other items which will form part of the Facility or will be used by the Operator solely in connection with the management, operation, maintenance, improvement or administration of the Facility will be specified to be in the name of ProjectCo LP and each Contract in respect thereof entered into by the Operator will provide that (i) title to such materials, equipment, supplies, consumables and other items which will form part of the Facility or will be used solely in connection with the management, operation, maintenance, improvement or administration of the Facility will be in the name of ProjectCo LP, and (ii) such title will pass immediately to and vest in ProjectCo LP upon passage of title from the applicable vendor; provided that, and notwithstanding the foregoing, title to:
- (i) Nuclear Fuel;
 - (ii) any asset or digital infrastructure (including Software) in respect of which Asset Service Fees are charged to ProjectCo LP;
 - (iii) Intellectual Property Rights, provided that title to Corporate Records shall at all times remain with ProjectCo LP;
 - (iv) Intermediate Level Waste;
 - (v) Irradiated Fuel;
 - (vi) Low Level Waste;
 - (vii) any materials, equipment, tools, supplies, consumables and other items (A) that are not an Improvement and (B) which are or become a Nuclear Substance; and
 - (viii) such other materials, equipment, tools, supplies, consumables, digital infrastructure (including Software) and other items that ProjectCo LP approves from time to time at the written request of the Operator,

will at all times remain with the Operator. For clarity, (i) title and all risk relating to Irradiated Fuel, Low Level Waste and Intermediate Level Waste shall pass from the Operator to the Landlord, in each case, in accordance with, and at the times specified in, Article 4 of Schedule 1.1.176 of the Lease Agreement, and (ii) at no

time will ProjectCo LP have title, ownership, control or possession of any Nuclear Substance.

- (b) For clarity, the Parties acknowledge and agree that:
 - (i) title to any materials, equipment, tools, supplies, consumables and other items that do not form part of the Facility and that are not used exclusively or near exclusively in connection with the management, operation, maintenance, improvement or administration of the Facility shall at all times remain with the Operator; and
 - (ii) the foregoing provisions of this Section 5.5 do not in any way detract from or affect title being subsequently passed to the Landlord pursuant to terms of the Lease Agreement.

5.6 Provision of Reports

- (a) Within 15 days of the end of each Month during the Term (or, if applicable, such earlier date that the Operator notifies the board of directors of OPG (or a committee or subcommittee thereof) in respect of any of the following events in this Section 5.6(a)), the Operator will:
 - (i) notify ProjectCo LP in writing and provide particulars in reasonable detail in respect of the following in relation to the Services, ProjectCo LP, ProjectCo GP or the Facility:
 - (A) any material defects or deficiencies in the Facility discovered by the Operator;
 - (B) any Unplanned Outages, significant malfunctions of any equipment of the Facility discovered by the Operator, or any de-ratings or curtailments of a Unit which might reasonably be expected to have a material adverse effect on the Services, the Partnership Business or ProjectCo GP or the operation of the Facility;
 - (C) any material breach of Applicable Law by the Operator or any Operator Party relating to the Services or the Facility, or any material investigation or material non-routine inspection of the Operator or any Operator Party relating to the Services or of any part of the Facility by any Governmental Authority;
 - (D) any material breach of a Project Agreement by any party thereto;
 - (E) any occurrence, accident, safety violation or Claim by any Person which would reasonably be expected to result in an investigation or penalty under Applicable Laws;

- (F) any material violation of any Condition of Performance by the Operator or any Operator Party;
 - (G) any actual, threatened or reasonably anticipated material Claim in respect of the Facility, ProjectCo LP or ProjectCo GP which would reasonably be anticipated to have an adverse effect on the Facility, the Services, or on ProjectCo LP or ProjectCo GP;
 - (H) any material Encumbrance against the Facility, ProjectCo GP or ProjectCo LP which would reasonably be anticipated to have an adverse effect on the Facility, the Services, or on ProjectCo LP or ProjectCo GP;
 - (I) any circumstances: (X) that a reasonable and prudent operator of nuclear power generation facilities would reasonably expect to result in non-trivial adverse reputational consequences for ProjectCo GP or its Shareholders or ProjectCo LP or its partners if such circumstances (or the subject matter thereof) were to be publicized, as applicable, and/or (Y) in respect of which the Operator reports to its board of directors on potential adverse reputational consequences resulting therefrom;
 - (J) any material activities with Indigenous Groups and communities as part of the Services or any material breach of any capacity funding agreement with any Indigenous Groups and communities or any actual, threatened or reasonably anticipated Claim in respect thereof;
 - (K) particulars in reasonable detail in respect of any material payment dispute with the IESO in respect of ProjectCo LP Revenue; and
 - (L) any change, event, circumstance, development or occurrence that could reasonably be expected to have a material adverse effect on the Facility, the Services or on ProjectCo LP or ProjectCo GP; and
- (ii) make available to ProjectCo LP copies of any Material GA Correspondence;
 - (iii) only in the first monthly report following each Fiscal Year for which the relevant information is available to the Operator, the UCF based upon a time weighted average for all Units which have achieved their respective Commercial Operation Date calculated by the Operator in respect of the Facility for the preceding three Fiscal Years (or, in the case of the first two Fiscal Years following the date on which the first Unit has achieved its Commercial Operation Date, one or two Fiscal Years (or portion thereof), as the case may be), together with the Operator's reasonably detailed calculation thereof;

provided, however, that if any of the foregoing events or circumstances set forth in Section 5.6(a)(i) or Section 5.6(a)(ii) causes or would reasonably be expected to cause a material adverse effect, the Operator shall provide prompt notice thereof to ProjectCo LP.

- (b) The Operator will, as soon as practicable but in any event within 90 days following the end of each calendar quarter during the Term, or promptly following submission of such information to the board of directors of OPG (or a committee or subcommittee thereof) if earlier, provide ProjectCo LP a reasonably detailed written report in respect of the operations and maintenance of the Facility during such quarter (each, a “**Quarterly O&M Report**”). Each Quarterly O&M Report will contain the following information:
 - (i) the OM&A Base Costs incurred during such quarter together with an explanation of material deviations, if any, from the OM&A Base Costs budgeted for such quarter in the applicable Approved Annual OM&A Base Budget;
 - (ii) the Planned Outage OM&A Costs incurred during such quarter together with an explanation of material deviations, if any, from the Planned Outage OM&A Costs budgeted for such quarter in the applicable Approved Annual Planned Outage OM&A Budget;
 - (iii) the Post-COD CapEx Costs incurred during such quarter together with an explanation of material deviations, if any, from the applicable Approved Annual Post-COD CapEx Budget;
 - (iv) a description of the significant activities and projects carried out during such quarter, on a comparative basis to the applicable Approved Annual OM&A Base Budget, Approved Annual Planned Outage OM&A Budget and/or Approved Annual Post-COD CapEx Budget, as applicable, together with an explanation of material deviations, if any, from the then most recent Approved Business Plan;
 - (v) a description of any material safety, regulatory, contractual and environmental issues in respect of the Facility identified by the Operator during such quarter, and the impact of the same, if any, on the then most recent Approved Business Plan and/or the Facility;
 - (vi) a reasonably detailed breakdown of the Allocated Shared Costs by major functional category in a manner similar to that set out in the most recent Approved Business Plan and the most recent applicable Rebasing Application; and
 - (vii) the electricity generation from the Facility during such quarter, including details of Planned Outages and Unplanned Outages, power delivered to the IESO-Controlled Grid on a day-by-day basis, and the UCF in respect of each Unit for such quarter.

- (c) From time to time during the Term and at the request of ProjectCo LP, the Operator will provide the assistance, reports and additional information reasonably required by any Shareholder to allow it to comply with Applicable Laws and ProjectCo GP's or the requesting Shareholder's internal policies, including with respect to its reporting requirements regarding environmental, social and governance impacts, and, to the extent the Operator is requested to provide assistance to a Shareholder pursuant to this Section 5.6(c), the Operator reserves the right to charge the reasonable costs of such assistance to ProjectCo LP (and such costs will constitute MOMA Costs for the purposes of this Agreement).

5.7 Business Plans

- (a) Prior to the submission of each Rebasing Application on ProjectCo LP's behalf, the Operator will prepare a proposed business plan (each, a **"Proposed Rate Period Business Plan"**) for ProjectCo LP for a period that covers, at a minimum, the period to be covered by the Rebasing Application (the **"Rate Period"**) and present it to ProjectCo LP for approval (each, once approved by ProjectCo LP, an **"Approved Rate Period Business Plan"**). An Approved Rate Period Business Plan will form the basis for the Rebasing Application in respect of the Rate Period covered by such Approved Rate Period Business Plan. The Parties acknowledge and agree that the provisions of this Section 5.7(a) do not apply to ProjectCo LP's business plan for the Rate Period covered by the 2027-2031 Rebasing Application (the **"2027-2031 Rate Period Business Plan"**). The 2027-2031 Rate Period Business Plan, a copy of which has been provided to ProjectCo LP by the Operator prior to the execution of this Agreement, shall be deemed to be the Approved Rate Period Business Plan in respect of the Rate Period covered by the 2027-2031 Rebasing Application.
- (b) Prior to each Fiscal Year covered by an Approved Rate Period Business Plan that formed the basis of the corresponding Rebasing Application (other than the first such Fiscal Year), the Operator will prepare a proposed business plan (each, a **"Proposed Intra Rate Period Business Plan"**) for ProjectCo LP for a period that covers, at a minimum, the period from the start of that Fiscal Year to the end of the Rate Period covered by such Approved Rate Period Business Plan and present it to ProjectCo LP for approval (each, once approved by ProjectCo LP, an **"Approved Intra Rate Period Business Plan"**); provided that:
 - (i) if, prior to the commencement of such Fiscal Year, (A) the OEB has not issued its payment amounts decision and order in respect of a Rebasing Application in respect of the Rate Period that includes such Fiscal Year or (B) if the Operator's board of directors has not approved the Operator's enterprise-wide business plan in respect of such Fiscal Year, then (X) the Operator may delay the submission of the Proposed Intra Rate Period Business Plan to ProjectCo LP to such date which promptly follows the start of such Fiscal Year and the issuance of the OEB's payment amounts decision and order in respect of the applicable Rebasing Application or OPG's board of directors approval of the Proposed Intra Rate Period Business Plan, as applicable, and (Y) until the replacement Approved Intra

Rate Period Business Plan is approved, the Approved Rate Period Business Plan or the Approved Intra Rate Period Business Plan applicable to the prior Fiscal Year, as the case may be, will continue to apply; and

- (ii) if at any time during any Fiscal Year the Operator considers that a new or amended Proposed Intra Rate Period Business Plan is necessary or desirable, then the Operator may propose a Proposed Intra Rate Period Business Plan for ProjectCo LP's approval at such time.

Each Approved Rate Period Business Plan and Approved Intra Rate Period Business Plan will constitute an “**Approved Business Plan**”, and each of a Proposed Rate Period Business Plan and Proposed Intra Rate Period Business Plan will constitute a “**Proposed Business Plan**”.

- (c) The Operator will identify (i) in conjunction with each Proposed Rate Period Business Plan, any expected OM&A Costs during the Rate Period covered by such Proposed Rate Period Business Plan for which it does not expect to seek OEB Cost Recovery, and (ii) in each Proposed Intra Rate Period Business Plan, any forecasted OM&A Costs during the Fiscal Years covered by such Proposed Intra Rate Period Business Plan which partially comprise the Rate Period covered by an Approved Rate Period Business Plan that formed the basis for the corresponding Rebasing Application, which, had they been included in such Approved Rate Period Business Plan, the Operator would not have expected to seek OEB Cost Recovery.
- (d) Prior to the expiration of the Project Management Agreement, each Proposed Business Plan will reflect, to the extent applicable, the most recent Approved Annual Project Budget (as defined under the Project Management Agreement).
- (e) Unless the OEB otherwise directs or as provided under Section 5.7(c) or Section 5.10(e), the Operator will seek OEB Cost Recovery in each Rebasing Application, as applicable, and based on the Approved Rate Period Business Plan, of:
 - (i) the Operator's forecast of the OM&A Base Costs for each Fiscal Year in the applicable Rate Period (each such forecast, an “**Annual OM&A Base Cost Rate Period Forecast**”);
 - (ii) the Operator's forecast of the Planned Outage OM&A Costs for each Fiscal Year in the applicable Rate Period (each such forecast, an “**Annual Planned Outage OM&A Cost Rate Period Forecast**”);
 - (iii) the Operator's forecast of Post-COD CapEx Costs for each Fiscal Year in the applicable Rate Period; and
 - (iv) the Operator's forecast of the Fuel Service Fees for each Fiscal Year in the applicable Rate Period.

5.8 Operating, Maintenance, and Administration Costs Base Budgets

- (a) For each Fiscal Year, the Operator will prepare a proposed annual OM&A Cost base budget for ProjectCo LP (each, a “**Proposed Annual OM&A Base Budget**”), which will set out all OM&A Costs, except Planned Outage OM&A Costs (collectively, the “**OM&A Base Costs**”), reasonably expected to be incurred by or on behalf of ProjectCo LP during such Fiscal Year, and present it to ProjectCo LP for approval (each, once approved by ProjectCo LP, an “**Approved Annual OM&A Base Budget**”). The Operator may from time to time propose amendments to any Approved Annual OM&A Base Budget and present such amendments to ProjectCo LP for approval, which amended budget, once approved by ProjectCo LP, will constitute the “**Approved Annual OM&A Base Budget**” hereunder.
- (b) The Operator may not incur OM&A Base Costs, on an aggregate basis, in a Fiscal Year in excess of 110% of the entire budgeted amount contemplated by the applicable Approved Annual OM&A Base Budget, without obtaining the approval of ProjectCo LP; provided however, that costs and expenses to the extent resulting directly from any of the Enumerated Conditions will be excluded from the calculations as to whether the foregoing thresholds have been exceeded.
- (c) The Operator will present to ProjectCo LP for discussion the facts and circumstances surrounding any OM&A Base Costs, the incurrence of which would require the approval of ProjectCo LP pursuant to Section 5.8(b), as applicable, but for the fact that, and to the extent, such OM&A Base Costs result from any of the Enumerated Conditions, and to the extent reasonably requested by a ProjectCo LP, such facts and circumstances will be the subject of an organized discussion between Representatives of the Operator and Representatives of ProjectCo LP wishing to participate. The Operator will provide reasonable details of any such Enumerated Conditions, including the OM&A Base Costs resulting therefrom. For clarity, the presentation and discussion covenants contemplated in this Section 5.8(c) will not affect the Operator’s ability to incur, and be reimbursed for, the OM&A Base Costs in question in accordance with this Agreement.

5.9 Operating, Maintenance and Administration Costs Planned Outage Budgets

- (a) For each Fiscal Year, the Operator will prepare a proposed annual OM&A Cost budget for any Planned Outages during such Fiscal Year (each, a “**Proposed Annual Planned Outage OM&A Budget**”), which will set out all Planned Outage OM&A Costs, reasonably expected to be incurred by or on behalf of ProjectCo LP during such Fiscal Year, and present it to ProjectCo LP for approval (each, once approved by ProjectCo LP, an “**Approved Annual Planned Outage OM&A Budget**”). The Operator shall have the right, upon notice to ProjectCo LP, to amend any Approved Annual Planned Outage OM&A Budget and any Approved Business Plan to delay the timing of any Planned Outage or Planned Outages contained therein such that the Planned Outage or Planned Outages may occur in part or in whole during any subsequent Fiscal Year (provided that the amounts set forth in such budget or business plan in respect of the delayed Planned Outage or Planned

Outages are correspondingly reallocated in part or in whole to any such subsequent Fiscal Year). If the Operator desires to amend any Approved Annual Planned Outage OM&A Budget to accelerate the timing of any Planned Outage or Planned Outages initially contemplated for subsequent Fiscal Years such that the timing of such Planned Outage or Planned Outages is to occur in the Fiscal Year to which such Approved Annual Planned Outage OM&A Budget relates, or if the Operator desires to amend any Approved Annual Planned Outage OM&A Budget for any other purpose, then the Operator may from time to time present such amendments to ProjectCo LP for approval, which amended budget, once approved, will constitute the “**Approved Annual Planned Outage OM&A Budget**” hereunder.

- (b) The Operator may not incur Planned Outage OM&A Costs, on an aggregate basis, in a Fiscal Year in excess of 110% of the entire budgeted amount contemplated by the applicable Approved Annual Planned Outage OM&A Budget without obtaining the approval of ProjectCo LP; provided, however, that costs and expenses to the extent resulting directly from any of the Enumerated Conditions will be excluded from the calculations as to whether the foregoing thresholds have been exceeded.
- (c) The Operator will present to ProjectCo LP for discussion the facts and circumstances surrounding any Planned Outage OM&A Costs, the incurrence of which would require the approval of ProjectCo LP pursuant to Section 5.9(b), as applicable, but for the fact that, and to the extent, such Planned Outage OM&A Costs result from any of the Enumerated Conditions, and to the extent reasonably requested by a ProjectCo LP, such facts and circumstances will be the subject of an organized discussion between Representatives of the Operator and Representatives of ProjectCo LP wishing to participate. The Operator shall provide reasonable details of any such Enumerated Conditions, including Planned Outage OM&A Costs resulting therefrom. For clarity, the presentation and discussion covenants contemplated by this Section 5.8(b) will not affect the Operator’s ability to incur and be reimbursed for Planned Outage OM&A Costs in question in accordance with the terms of this Agreement.

5.10 Capital Expenditures and Improvements

- (a) For each Fiscal Year following the Fiscal Year in which Unit 1 achieves Commercial Operation, the Operator will prepare a proposed annual capital budget (each, a “**Proposed Annual Post-COD CapEx Budget**”), which will set out all capital expenditures in respect of the Unit Facilities that have then achieved Commercial Operation by such time, excluding for clarity any Landlord Recoverable Tenant Nuclear Waste Costs (“**Post-COD CapEx Costs**”), reasonably expected to be incurred by or on behalf of ProjectCo LP during the such Fiscal Year, and present it to ProjectCo LP for approval (each, once approved by ProjectCo LP, an “**Approved Annual Post-COD CapEx Budget**”). The Operator may from time to time propose amendment to any Approved Annual Post-COD CapEx Budget and present such amendments to ProjectCo LP for approval, which amended budget, once approved, will constitute the “**Approved Annual Post-COD CapEx Budget**” hereunder.

- (b) In connection with the Post-COD CapEx Costs, Proposed Annual Post-COD CapEx Budget and Approved Annual Post-COD CapEx Budget contemplated under this Section 5.10, the Operator will, from time to time, identify to ProjectCo LP any capital improvements, excluding DNNP Costs, necessary or advisable in accordance with the Conditions of Performance, to repair, rectify, restore, refurbish, upgrade, sustain, enhance, reconstruct or improve the performance or functionality of the Facility. Such recommendations will be accompanied by a description of the proposed budget for the relevant capital expenditure, the reasons therefor and the benefits to be derived therefrom, all in reasonable detail.
- (c) The Operator may not incur Post-COD CapEx Costs, on an aggregate basis, in a Fiscal Year in excess of an amount equal to the lesser of: (i) 150% of the entire budgeted amount contemplated by the applicable Approved Annual Post-COD CapEx Budget; and (ii) the amount that is \$50,000,000 (as such amount is multiplied by the Project CPI Adjustment Factor at the time of determination) greater than the entire budgeted amount contemplated by the applicable Approved Annual Post-COD CapEx Budget, without obtaining the approval of ProjectCo LP; provided, however, that costs and expenses to the extent resulting directly from any of the Enumerated Conditions will be excluded from the calculations as to whether the foregoing thresholds have been exceeded.
- (d) The Operator will present to ProjectCo LP for discussion the facts and circumstances surrounding any Post-COD CapEx Costs, the incurrence of which would require the approval of ProjectCo LP pursuant to Section 5.10(c), as applicable, but for the fact that, and to the extent, such Post-COD CapEx Costs result from any of the Enumerated Conditions, and to the extent reasonably requested by ProjectCo LP, such facts and circumstances will be the subject of an organized discussion between Representatives of the Operator and Representatives of ProjectCo LP wishing to participate. The Operator shall provide reasonable details of any such Enumerated Conditions, including Post-COD CapEx Costs resulting therefrom. For clarity, the presentation and discussion covenants contemplated by this Section 5.10(d) will not affect the Operator's ability to incur and be reimbursed for Post-COD CapEx Costs in question in accordance with the terms of this Agreement.
- (e) The Operator will advise ProjectCo LP in writing if there are Post-COD CapEx Costs (other than such costs in connection with responding to or mitigating any Emergency Event) that it intends to incur for which Operator does not expect to seek OEB Cost Recovery.

5.11 Approval of Business Plans and Budgets

With respect to any Fiscal Year, the Operator will provide the Proposed Business Plan, Proposed Annual OM&A Base Budget, Proposed Annual Planned Outage OM&A Budget and Proposed Annual Post-COD CapEx Budget in respect of such Fiscal Year concurrently as a package to ProjectCo LP for approval (other than any amendments to same which may be provided

individually or, if multiple budgets and/or plans are being amended concurrently, as a package of only those plans and budgets being amended).

5.12 Nuclear Fuel

- (a) On or before the Commercial Operation Date in respect of Unit 1 and periodically thereafter (as determined by the Operator in accordance with its customary operating practices and in a manner that complies with the Conditions of Performance), the Operator will prepare for ProjectCo LP a plan for acquiring the Nuclear Fuel necessary to operate the Facility (the “**Nuclear Fuel Procurement Plan**”).
- (b) The Operator will, in accordance with the Nuclear Fuel Procurement Plan and Applicable Law, procure Nuclear Fuel for the Facility and all Fuel Services Fees will be paid by ProjectCo LP in accordance with this Agreement and will constitute Operator Costs for the purposes of this Agreement.
- (c) The Operator, as operator of the Facility, will at all times retain ownership, title to and responsibility for all Nuclear Fuel used or intended to be used in the operation of the Facility, including any associated carry inventory or safety stock.

5.13 OEB Applications

- (a) The Operator will prepare and submit to the OEB a Rebasing Application on ProjectCo LP’s behalf, on a regular cadence, subject to the expectations and requirements of the OEB and Applicable Law. For clarity, the Operator may prepare and submit to the OEB a Rebasing Application on ProjectCo LP’s behalf jointly or contemporaneously with the preparation and submission to the OEB of OPG’s request (on OPG’s own behalf) to the OEB pursuant to section 78.1 of the OEB Act seeking an order establishing payment amounts in respect of the output generated by OPG’s generating assets that are subject to economic regulation by the OEB.
- (b) Each Rebasing Application will:
 - (i) subject to Section 5.7(c) and Section 5.7(e), be based on reasonable assumptions, including, as applicable, as to the Facility’s anticipated electricity generation, OM&A Costs, and Post-COD CapEx Costs, based on the Approved Rate Period Business Plan covering the Rate Period that is the subject of such Rebasing Application;
 - (ii) as applicable, request OEB Cost Recovery of any Income Taxes in respect of any partners of ProjectCo LP that are subject to any such Income Taxes (including any such Income Taxes payable by a partner of ProjectCo LP on receipt of any Partner Government Funding on account of which the Operator has proposed a reduction of expenditures in a Rebasing Application pursuant to Section 5.13(c)(ii));

- (iii) be prepared in a manner that does not discriminate against ProjectCo LP or the Facility relative to OPG's generating assets that may be included in such Rebasing Application;
- (iv) as applicable, request OEB Cost Recovery of any Specified Costs (as defined under the Lease Agreement); and
- (v) be approved by ProjectCo LP prior to submission to the OEB.

The Parties acknowledge and agree that the provisions of this Section 5.13(b) do not apply to the 2027-2031 Rebasing Application, a copy of which has been made available to ProjectCo LP prior to the execution of this Agreement, is deemed to be approved by ProjectCo LP. For clarity, recovery of Landlord Recoverable Tenant Nuclear Waste Costs will not be sought in any Rebasing Application of ProjectCo LP.

- (c) For clarity, in seeking OEB Cost Recovery in a Rebasing Application in respect of any expenditures, including return thereon, of ProjectCo LP, the Operator will have discretion to propose reductions on account of:
 - (i) CE ITCs on the same basis it would do so if the OPG partner in ProjectCo LP were the sole equity partner in ProjectCo LP unless it was certain at the time of the submission of such Rebasing Application that the OPG partner in ProjectCo LP would be ineligible for CE ITCs; and/or
 - (ii) Partner Government Funding in respect of which Operator has notified ProjectCo LP that such Partner Government Funding is or has become available pursuant to Section 8.4(b) whether such Partner Government Funding has been received or is anticipated by Operator to be received by the relevant partner of ProjectCo LP, unless ProjectCo LP determines, in its reasonable discretion, that the terms of such Partner Government Funding are not favourable to the partner that is eligible therefor (in any non-trivial respect). For clarity, if a partner of ProjectCo LP applies for Government Funding in respect of which the Operator has notified ProjectCo LP pursuant to Section 8.4(b), and is determined by the applicable Governmental Authority to be ineligible for such Government Funding or such funding is otherwise not available, then such Government Funding shall be deemed not to be Partner Government Funding for all purposes of this Agreement.



5.15 Books and Records; Information Rights; Ownership of Corporate Records and Other Documentation

- (a) The Operator will keep or cause to be kept, for a period of seven years following the creation thereof (or such longer period to the extent required by Applicable Laws), complete and accurate books and records reflecting the assets, liabilities, income and expenses of ProjectCo LP and ProjectCo GP in accordance with Generally Accepted Accounting Principles and Applicable Law and shall make such books and records available to ProjectCo LP and ProjectCo GP. The books and records to be kept by the Operator pursuant to this Section 5.14 will be kept in a manner that is separate and distinct from the books and records of OPG.
- (b) The Parties acknowledge and agree that:
 - (i) any physical or electronic copy of Other Documentation delivered by the Operator to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the Shareholders and/or directors of ProjectCo GP shall be owned by ProjectCo LP;
 - (ii) the original and all other copies of Other Documentation delivered by the Operator to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the Shareholders and/or directors of ProjectCo GP shall be owned by OPG;
 - (iii) the Corporate Records shall be owned by ProjectCo LP; and
 - (iv) none of the foregoing shall in any way limit the rights of either the Licensor or the Licensee under the IP Rights Agreement, and any and all Intellectual Property Rights (as defined under the IP Rights Agreement) embodied in Other Documentation or Corporate Records shall be owned by (or licensed from a Third Party to) the Licensor.

5.16 Operator Financing Cooperation

The Operator acknowledges that ProjectCo LP, its limited partners and their respective Affiliates may from time to time arrange or pursue debt, equity or other *bona fide* Third Party financings in connection with the Facility or its direct or indirect interests in ProjectCo LP, including the direct or indirect sale by a partner of ProjectCo LP of its interests in ProjectCo LP or by a Shareholder of its interests in ProjectCo GP. The Operator agrees to reasonably cooperate with and assist ProjectCo LP and, if ProjectCo LP so requests, any such other Persons, in responding to or complying with the reasonable requirements or reasonable due diligence requests of a *bona fide* Third Party lender, financier or acquirer of such interests in connection with any such financing or acquisition, the cost of such assistance being borne exclusively by ProjectCo LP (which costs will constitute MOMA Costs). If required by a *bona fide* Third Party financing party in connection with a Project Financing, the Parties will use their commercially reasonable efforts to amend the Non-Nuclear Damage Waterfall and Nuclear Damage Waterfall and to negotiate and enter into an insurance trust agreement, in each case, to the extent necessary in order to obtain such

Project Financing. If any Project Financing is approved by ProjectCo LP, the Parties will use commercially reasonable efforts to cooperate in order to raise such financing.

5.17 Intellectual Property Rights

During the Term, the Operator will use reasonable efforts to ensure that ProjectCo LP and/or the Operator, as applicable, will be (and will remain) entitled to use all Intellectual Property Rights as may be necessary or advisable for the Operator to meet its obligations under this Agreement and for ProjectCo LP to carry on the Partnership Business, including obtaining and maintaining all Intellectual Property Rights necessary to perform the Services or otherwise required to operate and maintain the Facility (including as it relates to any Fuel Assembly I.P. and any other Intellectual Property Rights relating to Nuclear Fuel used or to be used at the Facility).

ARTICLE 6 PROPERTY LICENCE

6.1 Licence of Use and Access

- (a) Subject to Section 6.1(b) and the rights held by ProjectCo LP under the terms and conditions of the IP Rights Agreement and the Lease Agreement, ProjectCo LP hereby grants to the Operator, during the Term, an exclusive licence to conduct all activities in connection with the Services in respect of the Leased Premises, the Facility and any tools, equipment and other tangible personal property owned by ProjectCo LP to the extent required by the Operator to perform the Services in accordance with this Agreement, including full rights of ingress and egress on, over, and under the Leased Premises and the Facility (the “**Property Licence**”). For clarity, the Property Licence grants the Operator with full and absolute control of the Leased Premises and the Facility and such tools, equipment and personal property that is owned by ProjectCo LP.
- (b) The Parties acknowledge that the Project Manager will also be provided the Property Licence during the Term (as defined under the Project Management Agreement) of the Project Management Agreement.
- (c) The Operator shall provide Representatives of ProjectCo LP with reasonable access to the Leased Premises and the Facility under the control and pursuant to the policies and procedures of the Operator applicable to the Leased Premises.

6.2 Operator Right to Sub-Licence

The Operator may, from time to time, grant sub-licences of the Property Licence to any Person to the extent required by the Operator to perform the Services, including to the Non-Owner Parties, as required under the IPA, and to any other counterparty to a Project Agreement, as required under such Project Agreement.

ARTICLE 7 PROJECTCO LP OBLIGATIONS

7.1 Compliance with Applicable Laws and Permits

- (a) ProjectCo LP will:
 - (i) provide the Operator with any support as may be reasonably required to obtain, maintain and comply with all Applicable Laws and any Permits; and
 - (ii) when acting in its own capacity, comply with all Applicable Laws and Permits (it being acknowledged that the Operator will otherwise cause ProjectCo LP to comply with Applicable Laws and Permits in the performance of the Services in accordance with the Conditions of Performance).
- (b) The Operator will provide ProjectCo LP with copies of all Permits and other relevant information required for ProjectCo LP to comply with Section 7.1(a)(ii).

ARTICLE 8 PAYMENTS TO THE OPERATOR

8.1 Expense Reimbursement

- (a) Without limiting the Operator's rights and obligations in respect of the allocation of Shared Costs to ProjectCo LP in accordance with Section 8.3, ProjectCo LP will, in respect of Operator Costs, pay the Operator, and in respect of ProjectCo LP Costs, pay or reimburse the Operator in accordance with Section 9.1, for all of its costs and expenses incurred or paid in the performance of the Services or the Operator's or OPG's obligations under this Agreement (on a "no profit" basis, without any markup or premium for profit, except as set forth in Section 8.1(d) or in connection with the cost of capital associated with the Asset Service Fees and Fuel Service Fees), including any costs and expenses of any equipment, material, goods, consumables, licences, Intellectual Property Rights, Operator Personnel, labour, and any other thing, activity or service, in each case, incurred or paid in the performance of the Services or the Operator's or OPG's obligations under this Agreement (collectively, "**MOMA Costs**"). Without limiting the foregoing, "**MOMA Costs**" includes, to the extent incurred or paid in performing the Services or the Operator's or OPG's obligations under this Agreement:
 - (i) the Fully Burdened Costs of any Operator Personnel engaged in performing Services;
 - (ii) any costs and expenses in connection with procuring or making available as necessary the materials, equipment, goods, consumables, licences, Intellectual Property Rights and any other services from any Person to perform the Services;

- (iii) any costs and expenses in respect of obtaining and maintaining CNSC Licences, other Permits and any other regulatory Proceedings required in respect of the ownership, operation, maintenance, administration and/or modification of the Facility;
- (iv) any costs and expenses of terminating or transferring any Operator Personnel performing the Services (including upon completion of the applicable Services);
- (v) any costs and expenses of any disputes between the Operator and any Operator Party or any contractor of ProjectCo LP (subject to Section 5.3(f));
- (vi) any costs and expenses in connection with the provision of letters of credit or other assurances or guarantees in connection with the ownership, lease, operation, maintenance, administration and/or modification of the Facility (other than any assurances or guarantees specifically required in respect of the Landlord's Decommissioning Obligations and Nuclear Waste Management Obligations, provided that, for clarity, this exclusion shall not in any way limit the Landlord's rights to be reimbursed for such costs and expenses pursuant to the Lease Agreement);
- (vii) any costs and expenses (including in respect of any indemnification or save harmless obligation), in connection with, related to, or in performing the obligations under the Project Agreements or any Subcontract, including for clarity, any Owner Own Costs or Owner Deemed Project Chargeable Costs (as such terms are defined under the IPA);
- (viii) any costs and expenses in connection with obtaining and maintaining any policies of insurance and financial security in connection with the Facility or the Services, including the policies of insurance required to be maintained in accordance with Article 10 and any financial security required by the NLCA in respect of the Leased Premises or the Facility pursuant to Section 11.2 or otherwise; provided that, with respect to any policies of insurance shared between ProjectCo LP and OPG as set forth in Schedule B, the MOMA Costs will only include such costs and expenses to the extent of ProjectCo LP's proportionate share determined in accordance with Section 10.2(b);
- (ix) Fuel Service Fees, as more specifically described in Section 5.11;
- (x) any costs and expenses of purchasing and maintaining equipment, materials and spare parts inventories for use at the Facility;
- (xi) any Agent Costs (as defined under the IESO Payments Agreement);
- (xii) any costs and expenses in connection with preparing, submitting, defending, and implementing the results of an OEB Application, including any review

or appeal in connection thereto, and responding to findings or content of a decision, order, policy or other guidance of the OEB;

- (xiii) any amounts owing by ProjectCo LP to the IESO from time to time, including the cost of electricity withdrawn from the IESO-Controlled Grid in connection with the operation of the Facility, to the extent not satisfied by the IESO by set off such amount against ProjectCo LP Revenue;
- (xiv) any costs and expenses in respect of engaging with WANO and other industry associations in connection with the Facility;
- (xv) any costs and expenses incurred in connection with (A) currency exchange transactions (including any brokerage and other transaction fees and/or losses associated with any transaction) and (B) obtaining, maintaining and terminating any hedge or other transaction (and any fees associated therewith) entered into pursuant to a Hedging Strategy;
- (xvi) any costs and expenses of the Operator's internal support functions, such as security, procurement, contract management, risk management and oversight, regulatory affairs, legal, human resources, finance, training, information technology management, and stakeholder relations (for clarity, without duplication of Allocated Shared Costs);
- (xvii) any costs and expenses in connection with developing, maintaining or using information technology systems, infrastructure and Software (for clarity, without duplication of Allocated Shared Costs);
- (xviii) any costs and expenses of an Operator-Appointed CAM Expert or Third Party CAM Expert appointed in accordance with Section 8.3;
- (xix) Indigenous Group Capacity Payments;
- (xx) Allocated Shared Costs determined in accordance with Section 8.3, which for clarity do not include Allocated Shared Costs that do not qualify as MOMA Costs pursuant to Section 8.3(a); and
- (xxi) any costs and expenses in connection with performing Tenant Nuclear Waste Scope,

but excluding, for clarity, any amounts (i) on account of Sales Taxes paid or payable by the Operator in respect of MOMA Costs to the extent that such Sales Taxes are recoverable by the Operator by way of input tax credit, refund, rebate, or other recovery mechanism under Applicable Laws relating to Sales Taxes, (ii) on account of Excluded Taxes, (iii) for which Landlord is responsible pursuant to the Lease Agreement, (iv) DNNP Costs, including Operational Readiness Costs, (v) Shared Costs and Allocated Shared Costs that do not qualify as MOMA Costs pursuant to Section 8.3(a), or (vi) for which OPG is required to indemnify any ProjectCo LP Indemnitee pursuant to the indemnity set out in Section 12.2 or OPG, in another

capacity, is required to indemnify ProjectCo LP, a partner of ProjectCo LP, ProjectCo GP or a Shareholder pursuant to the other Facility Documents or pursuant to any other Contract to which OPG and ProjectCo LP are party.

- (b) For clarity, the foregoing MOMA Costs will be paid or reimbursed without duplication of (i) payments or reimbursements made by ProjectCo LP to the Project Manager under the Project Management Agreement or (ii) costs that the OEB has approved for recovery by OPG on OPG's own behalf, through payment amounts established (A) pursuant to section 78.1 of the OEB Act or (B) otherwise pursuant to Applicable Laws in respect of the output generated by OPG's generating assets that are subject to economic regulation by the OEB.
- (c) If the Operator and ProjectCo LP have agreed, whether before or after the Effective Date, with a counterparty to a Project Agreement to be jointly and severally liable for the obligations of ProjectCo LP under such Project Agreement (each, a "**Subject Obligation**") then (i) the Operator and ProjectCo LP agree and acknowledge, as between themselves, that (x) ProjectCo LP will be the primary obligor of the Subject Obligations, (y) the Operator shall, as part of the Services, perform any such Subject Obligation for the benefit of ProjectCo LP, and (z) ProjectCo LP shall pay and perform each Subject Obligation and that such payment or performance by ProjectCo LP shall fully satisfy the Operator's obligations in respect of such Subject Obligation, and (ii) if the Operator makes a payment to such counterparty in respect of a Subject Obligation (each, a "**Subject Payment**"), then notwithstanding any term of such Project Agreement that references the allocation of liability for such Subject Obligation between the Operator and ProjectCo LP, the Subject Payment shall be treated as made by the Operator on behalf of ProjectCo LP and such Subject Payment shall constitute a MOMA Cost under this Agreement. Consistent with the allocation between the Project Manager and ProjectCo LP of the Subject Obligations and the Subject Payments set forth in the preceding sentence, the Operator and ProjectCo LP agree to treat, for financial accounting and Canadian Income Tax purposes, interest, fees, costs, expenses and indemnities allocated to ProjectCo LP under this Section 8.1(c) as obligations of and incurred by ProjectCo LP. Notwithstanding the foregoing, the foregoing provisions of this Section 8.1(c) do not apply to the "Excluded Liabilities" (as defined in that certain contribution agreement entered into by OPG and ProjectCo LP on December 31, 2025). Without limiting or amending the terms of any other Contract to which OPG and ProjectCo LP are party, if OPG and ProjectCo LP have agreed, whether before or after December 31, 2025, with a counterparty to a Contract to which an Excluded Liability relates to be jointly and severally liable for such Excluded Liability, then OPG and ProjectCo LP agree and acknowledge, as between themselves, that OPG will be the primary obligor of such Excluded Liability. In addition, references in this Section 8.1(c) to "the Operator" shall be read as references to OPG acting in its own capacity or in its capacity as the Operator, as applicable, solely for the purposes of this Section 8.1(c).
- (d) The Operator may contract with Related Parties of the Operator (whether on its own behalf, as agent and nominee for ProjectCo LP, or as ProjectCo LP's true and lawful

attorney in fact) with the approval of ProjectCo LP and, for clarity, such Related Party will (if approved by ProjectCo LP) be permitted to earn a profit under any such Contract (whether or not a Related Party Contract). The Operator will not amend, terminate, grant any consent or exercise or waive any rights or remedies under a Related Party Contract without the approval of ProjectCo LP.

8.2 Financing Adjustment

- (a) In addition to the MOMA Costs, effective January 1, 2026, and for so long as such amounts are outstanding, the Operator will charge (or credit) ProjectCo LP a monthly financing adjustment (the “**Monthly Financing Adjustment**”), which may be positive or negative, equal to the difference between: (a) the cost of the early works construction financing provided to OPG by Canada Infrastructure Bank in connection with the Facility, [REDACTED] and (b) OPG’s long-term debt cost of an equivalent amount and timing of such financing as then approved by the OEB in establishing payment amounts in respect of the output generated by OPG’s generating assets pursuant to section 78.1 of the OEB Act, provided that during the period prior to the effective date of the Rate Period covered by the 2027-2031 Rebasing Application, such long-term debt cost shall be deemed to be 4.40% per annum. Such Monthly Financing Adjustment amount will be calculated monthly by the Operator and included as either an additional charge (if the applicable Monthly Financing Adjustment is positive) or a credit (if the applicable Monthly Financing Adjustment is negative), in each invoice provided to ProjectCo LP in accordance with Section 9.1.
- (b) To the extent that this Agreement is transferred by the Operator to:
- (i) a Qualified Successor Operator that is not a Wholly-Owned Subsidiary of OPG in accordance with Section 15.1(a)(i), then Section 8.2(a) shall not apply to such Qualified Successor Operator unless, and only to the extent that, such Qualified Successor Operator assumes the obligations as borrower under: (A) the early works construction financing provided by Canada Infrastructure Bank in connection with the Facility, [REDACTED] or
 - (ii) a Wholly-Owned Subsidiary of OPG, then the Section 8.2(a) shall survive such transfer unaffected.

8.3 Cost Allocation Methodology and Shared Costs

- (a) Allocated Shared Costs will constitute MOMA Costs to the extent that they are: (i) determined and allocated in accordance with the then applicable Approved Cost Allocation Methodology established in accordance with this Section 8.3, and (ii) allocated by the Operator to ProjectCo LP acting in good faith and in a reasonable and non-discriminatory manner. It is acknowledged and agreed by ProjectCo LP that no Allocated Shared Costs will be disqualified as MOMA Costs solely on the basis that any Approved Cost Allocation Methodology ought to have been amended other than at the commencement of a Fiscal Year as a result of any occurrence, non-occurrence, or change in magnitude of any Specified Allocation Amendment Condition which may or may not have been contemplated in the then-applicable Cost Allocation Methodology, and, for clarity, any allocation of Allocated Shared Costs in accordance with the then applicable Cost Allocation Methodology (but only if it is applied consistently among all Shared Costs Beneficiaries) will, until the end of such Fiscal Year, be deemed to be allocated in good faith and in a reasonable and non-discriminatory manner to the extent of any occurrence (if not contemplated), non-occurrence (if contemplated) or change in magnitude of any Specified Allocation Amendment Condition in such Fiscal Year.
- (b) Prior to ProjectCo LP's approval of the Operator's submission of a Rebasing Application to the OEB pursuant to Section 5.13, the Operator will provide to ProjectCo LP a report from an Operator-Appointed CAM Expert which sets forth:
 - (i) a reasonably detailed description of the Cost Allocation Methodology used in respect of the Approved Rate Period Business Plan and the Rebasing Application;
 - (ii) a reasonably detailed description of the material changes in the Cost Allocation Methodology from the prior Approved Cost Allocation Methodology and the reasons therefore; and
 - (iii) an opinion that the Cost Allocation Methodology (A) is based on sound cost allocation principles, and (B) is reasonable for the allocation of Shared Costs based on the nature of such costs and the business of the Operator and the Shared Costs Beneficiaries.

Once such report is provided by the Operator-Appointed CAM Expert to ProjectCo LP, such Cost Allocation Methodology will constitute the “**Approved Cost Allocation Methodology**” hereunder, until changed in accordance with the provisions of this Section 8.3.

- (c) Notwithstanding Section 8.3(b), the Cost Allocation Methodology in respect of the 2027-2031 Rebasing Application is deemed to be the Approved Cost Allocation Methodology, until replaced in accordance with the terms of this Section 8.3.
- (d) Upon the occurrence of any of: (A) findings or content of a decision, order, policy or other guidance of the OEB that relates to or affects the then Approved Cost

Allocation Methodology, (B) any restructuring of any of OPG or any Shared Costs Beneficiaries or any of their respective business units or departments, or any disposition or acquisition of their respective major assets or businesses, (C) any start-up or shutdown of any facilities or businesses of OPG or any Shared Costs Beneficiaries, (D) any significant change in the operating model, cost structure or business of OPG or any Shared Costs Beneficiaries or any of their respective business units or departments, or (E) any other events or circumstances that reasonably affect the proper allocation of Shared Costs (including the Allocated Shared Costs) between the Shared Costs Beneficiaries (collectively, “**Specified Allocation Amendment Conditions**”); the Operator may make amendments to the then current Approved Cost Allocation Methodology to reflect such Specified Allocation Amendment Condition(s) and, to the extent the resulting Cost Allocation Methodology is no longer reasonably consistent with the then current Approved Cost Allocation Methodology, the Third Party CAM Expert will provide to ProjectCo LP a report from such Third Party CAM Expert that sets forth, solely with respect to such amendments, the content contemplated by Section 8.3(b)(ii) and Section 8.3(b)(iii) with respect to such amended Cost Allocation Methodology. The Cost Allocation Methodology, as amended in accordance with this Section 8.3(d), shall thereafter constitute the “Approved Cost Allocation Methodology” for the purposes of this Agreement, including, for clarity, for the purposes of Section 8.3(e), until thereafter changed in accordance with the provisions of this Section 8.3.

- (e) On or prior to the date that is 120 days following the last day of the Fiscal Year in which the Commercial Operation Date in respect of Unit 1 is achieved (unless the period between the Commercial Operation Date in respect of Unit 1 and the end of such Fiscal Year is less than 90 days, in which case these provisions shall apply beginning with the Fiscal Year following the Fiscal Year in which the Commercial Operation Date of Unit 1 is achieved), and within 120 days following the last day of each Fiscal Year thereafter during the Term, the Operator and ProjectCo LP will obtain an opinion from the Third Party CAM Expert as to whether the Allocated Shared Costs in respect of the prior Fiscal Year have been determined in a manner which is reasonably consistent with the then current Approved Cost Allocation Methodology; and if the Third Party CAM Expert determines that the Allocated Shared Costs have not been so determined, then:
 - (i) the Operator will adjust such Allocated Shared Costs payable by ProjectCo LP such that they are reasonably consistent with the most recent Approved Cost Allocation Methodology (it being acknowledged that the Operator will have no obligation to make any changes to the Approved Cost Allocation Methodology itself);
 - (ii) the Third Party CAM Expert will review and confirm to the Operator and ProjectCo LP that such adjusted Allocated Shared Costs are reasonably consistent with the most recent Approved Cost Allocation Methodology; and

- (iii) the amount of any adjustment (whether positive or negative) to bring such Allocated Shared Costs into such reasonable compliance with the most recent Approved Cost Allocation Methodology will be reflected in the Operator's subsequent invoice provided to ProjectCo LP in accordance with Section 9.1.

The Operator and ProjectCo LP shall jointly develop the scope of work for the Third Party CAM Expert review, each acting reasonably and taking into account the requirements of this Section 8.3(e), provided that such scope of work shall address all items contemplated herein. The report of the Third Party CAM Expert shall be presented to ProjectCo LP for consideration and Representatives of ProjectCo LP shall have consultation rights with the Third Party CAM Expert regarding its report.

- (f) In respect of each Fiscal Year during the Term, the Operator will provide an officer's certificate within 120 days following the last day of such Fiscal Year from its chief accounting (or similar) officer or chief controller (or similar) which sets forth that the Allocated Shared Costs that constitute MOMA Costs in respect of such Fiscal Year have been determined in a manner which is reasonably consistent with the then current Approved Cost Allocation Methodology and has been allocated by the Operator to ProjectCo LP acting in good faith and in a reasonable and non-discriminatory manner and do not, to the knowledge of such officer after due inquiry, contain material errors in the allocation of Shared Costs to ProjectCo LP.
- (g) The Parties will first attempt to mutually agree on a Third Party expert to provide the services as set forth in Section 8.3(e), acting reasonably, and if the Parties cannot agree, ProjectCo LP will provide the Operator with a list of three duly qualified Third Party experts who are experienced in utility cost allocation (with at least seven years' experience in advising Canadian utilities subject to economic rate regulation in the determination of cost allocation) and the Operator shall select one of the proposed Third Party experts (the "**Third Party CAM Expert**").
- (h) Either Party may request the appointment of a new Third Party CAM Expert once every three years or following a new Approved Rate Period Business Plan, in which case, the procedure in Section 8.3(g) will apply.
- (i) Notwithstanding anything in this Agreement to the contrary, ProjectCo LP will not have any right to audit, examine or make copies of the financial and other records and financial statements of OPG relating to the Allocated Shared Costs, including pursuant to Section 9.3(c) and any corresponding obligation to make such financial and other records and financial statements of OPG available to ProjectCo LP; except in the event of fraud, intentional misrepresentation or willful misconduct; it being the intention of the Parties that ProjectCo LP will receive reasonable detail with respect to the breakdown of such costs, as provided in this Section 8.3(i), but will not be entitled to look behind that detail at OPG's books and records.

8.4 Government Funding

- (a) If the Operator becomes aware of any ProjectCo LP Government Funding, the Operator will apply for such ProjectCo LP Government Funding, for and on behalf of ProjectCo LP, to the extent eligible. If Government Funding is available to OPG, in its capacity as the Project Manager, the Operator or in any other capacity, but does not constitute ProjectCo LP Government Funding or Partner Government Funding, OPG will apply for such Government Funding and contribute the amounts received in respect of the Facility to ProjectCo LP in accordance with ProjectCo LP's Governing Documents. Notwithstanding the foregoing:
 - (i) this Section 8.4(a) will in no way apply to any Government Funding made available to OPG or any of its Affiliates, in any capacity, by the Province of Ontario (including any of its Affiliates or agencies); and
 - (ii) the Operator and, where applicable, OPG, will have no obligation to apply for or otherwise accept the terms of any Government Funding under this Section 8.4(a) if the Operator determines, in its reasonable discretion, that the terms of such Government Funding are not favourable to ProjectCo LP, the Operator (in any non-trivial respect) or, where applicable, OPG (in any non-trivial respect), or would otherwise unreasonably constrain or impair the Operator, on behalf of ProjectCo LP or in its own capacity, as applicable, in the management, construction, commissioning, operation, maintenance, administration or decommissioning of the Facility or the Leased Premises.
- (b) If the Operator becomes aware of any Partner Government Funding, the Operator will notify ProjectCo LP that such Partner Government Funding is or has become available to its partners.

ARTICLE 9 INVOICING, REIMBURSEMENT AND PAYMENT TERMS

9.1 Invoicing, Reimbursement and Payment

- (a) The Operator will, as soon as practicable, but no later than by the 25th day of each Month during the Term, invoice ProjectCo LP for (i) the Operator Costs incurred or paid by the Operator or any Operator Party (without duplication) in accordance with this Agreement up to the end of the prior Month and (ii) any Monthly Financing Adjustment (the “**Monthly Operator Payment**”). The invoice will set out, in reasonable detail, the amount of the Monthly Operator Payment payable by ProjectCo LP for the prior Month. Monthly Operator Payments payable by ProjectCo LP under this Agreement, unless otherwise specified herein, are due and payable by ProjectCo LP to the Operator promptly, and in any event within 10 days of receipt of the invoice.
- (b) The Operator will from time to time provide Notice to ProjectCo LP of any costs or expenses incurred or paid by the Operator in respect of ProjectCo LP Costs, and

ProjectCo LP will reimburse the Operator for such ProjectCo LP Costs (the “**Operator Reimbursement**”). The Notice will include a summary of any invoices received from any of ProjectCo LP’s suppliers, vendors or contractors in connection with such ProjectCo LP Costs and will separately identify any Sales Tax amounts included in such ProjectCo LP Costs. Operator Reimbursements payable by ProjectCo LP under this Agreement, unless otherwise specified herein, are due and payable promptly by ProjectCo LP to the Operator, and in any event within 10 days of receipt of the Notice.

- (c) In lieu of an Operator Reimbursement under Section 9.1(b) and at the Operator’s discretion, the Operator may cause ProjectCo LP to pay amounts in respect of ProjectCo LP Costs from ProjectCo LP’s accounts directly to any counterparty of ProjectCo LP under a Project Agreement. If the Operator causes one or more such payments to be made by ProjectCo LP in respect of ProjectCo LP Costs in any Month, the Operator will provide a Notice to ProjectCo LP no later than the 25th day following such Month. The Notice will include a summary of any invoices received from any of ProjectCo LP’s suppliers, vendors or contractors in connection with such ProjectCo LP Costs and will separately identify any Sales Tax amounts included in such ProjectCo LP Costs.

9.2 Control over ProjectCo LP Accounts

ProjectCo LP acknowledges and agrees that as part of the Services and pursuant to the powers and authority delegated to the Operator under Section 3.1, the Operator is authorized, without any further action from ProjectCo LP, to administer the bank accounts of ProjectCo LP and withdraw or transfer funds from such accounts in order make all payments for ProjectCo LP required to be made under this Agreement, any Facility Document, any Project Agreement or otherwise in connection with the Services, subject to ProjectCo LP’s dispute rights in accordance with Section 9.3.

9.3 Disputed and Inaccurate Accounts

- (a) ProjectCo LP will provide Notice to the Operator within 20 days following receipt of an invoice or Notice provided pursuant to Section 9.1 if it reasonably believes that any costs in such invoice or Notice are not MOMA Costs (or are otherwise not payable by it pursuant to this Agreement) and the Parties will work cooperatively to resolve the issue within 15 days after receipt of such Notice. ProjectCo LP will be entitled to withhold payment of any such amount that it disputes in good faith (provided that ProjectCo LP will not be entitled to withhold payment of any amount not being disputed in good faith or for which it has not provided a Notice of dispute in accordance with this Section 9.3(a)). If the Parties are unable to resolve the dispute within such 15-day period, then the matter will be settled in accordance with the Dispute Resolution Procedure.
- (b) Each of the Operator and ProjectCo LP will provide Notice to the other Party upon learning of an error in a Monthly Operator Payment or Operator Reimbursement made under this Agreement and, as soon as practicable thereafter, the Operator and

ProjectCo LP will resolve such error and make any resulting payments required to correct such error, plus interest calculated at the Prime Rate *per annum*, from the date on which payment should otherwise have been made. If the Operator and ProjectCo LP are unable to rectify such error within 30 days after the receipt of such Notice, then the matter will be settled in accordance with the Dispute Resolution Procedure.

- (c) Subject to Section 8.3(i), ProjectCo LP will have the right to audit, examine and make copies of the financial and other records and financial statements of the Operator relating to the performance of the Services in accordance with this Section 9.3(c). The right to audit may be exercised only for the purposes of confirming whether the MOMA Costs have been properly incurred or paid and charged to ProjectCo LP as MOMA Costs in accordance with Section 9.1. Audits in respect of any Fiscal Year may be exercised on 60 days' Notice by ProjectCo LP to the Operator at any time within the 24 months following the last day of such Fiscal Year to which the audit relates and the scope of such audit for such Fiscal Year shall be solely in respect of any MOMA Costs invoiced or notified to ProjectCo LP in such Fiscal Year (irrespective of when such MOMA Costs were incurred by the Operator) pursuant to Section 9.1. For clarity, once such 24 month period has elapsed following the Fiscal Year to which the audit relates, ProjectCo LP shall not have a right to audit any MOMA Costs invoiced or notified to ProjectCo LP in such Fiscal Year. As soon as practicable after the completion of an audit, the Operator and ProjectCo LP will resolve any discrepancies noted by the audit and make any resulting payments required to correct such discrepancies, plus interest calculated at the Prime Rate *per annum*, from the date on which the discrepancy arose. If the Operator and ProjectCo LP are unable to resolve such discrepancies within 30 days, then the matter will be settled in accordance with the Dispute Resolution Procedure. ProjectCo LP will:

- (i) pay all costs and expenses of any auditor retained in connection with an audit under this Section 9.3(c); and
- (ii) only retain a Third Party auditor for the purposes of an audit in connection with this Section 9.3(c) that is independent of the corporate auditor appointed by ProjectCo LP from time to time.

Any costs and expenses of the Operator in cooperating with an audit under this Section 9.3(c) will constitute MOMA Costs.

9.4 Set-Off

Either Party may, from time to time, without prejudice to any other right or remedy it may have under Applicable Law, under this Agreement or under any Facility Document or the OPG ECA, deduct and set-off any undisputed amounts owed to the other Party under this Agreement, howsoever arising, from any undisputed amount owed by such Party or its Affiliates under any Facility Document or the OPG ECA; provided that, at the relevant time that a Party exercises its right of set-off in accordance with this Section 9.4, that the Parties to this Agreement are the same

Persons party to the relevant Facility Document or OPG ECA in respect of which the right of set-off is being applied, as applicable.

9.5 Sales Taxes

- (a) All amounts payable by ProjectCo LP pursuant to this Agreement are exclusive of applicable Sales Taxes.
- (b) ProjectCo LP will be responsible for the payment of all Sales Taxes that are required to be paid in respect of all amounts payable by it under this Agreement, and any such Sales Taxes will be paid by ProjectCo LP when and as it is due to be paid under Applicable Laws. The Operator shall timely remit all Sales Taxes collected from ProjectCo LP to the appropriate Governmental Authority.
- (c) All invoices issued by the Operator to ProjectCo LP will separately identify the amount of Sales Taxes charged on such invoices and shall include all information required under Applicable Laws for ProjectCo LP to obtain any available credits, refunds or other recovery of such Sales Taxes and will in any case include the Operator's HST registration number.
- (d) Notwithstanding any other provision of this Agreement, in the event that any amount becomes payable by a Party to this Agreement as a result of a breach, modification or termination of this Agreement and Section 182 of the ETA applies to that amount, the amount payable will be increased by an amount equal to the product of the applicable HST percentage rate multiplied by the amount otherwise payable and the payor will pay the increased amount.

9.6 Foreign Currency

- (a) To the extent that the Operator or any Operator Party pays or incurs MOMA Costs under this Agreement in foreign currency, the Operator will charge ProjectCo LP the equivalent amount in Canadian currency based on the Bank of Canada daily exchange rate as of the date the payment was made by the Operator. If the Bank of Canada ordinarily quotes such a rate, but there is no such rate quoted for the particular day, the closest preceding day for which such a rate is quoted is used for the exchange of the particular currency for the other currency.
- (b) The Operator may, from time to time, develop a hedging strategy (whether specific to ProjectCo LP or across Operator's other businesses) to address anticipated MOMA Costs to be paid or incurred in foreign currency to protect against currency exchange rate fluctuations for all or a portion of such costs and submit such hedging strategy to ProjectCo LP for approval (once approved, a "**Hedging Strategy**"). The Hedging Strategy will, once approved by ProjectCo LP, govern in lieu of Section 9.6(a) in respect of any MOMA Costs to which the Hedging Strategy applies, and the Operator will implement such Hedging Strategy as part of the Services.

ARTICLE 10 INSURANCE

10.1 Project Agreement Insurance

- (a) The Operator will be responsible for obtaining and maintaining all insurance required to be obtained and maintained by ProjectCo LP under the Project Agreements (collectively, “**Project Agreement Insurance**”) in either (i) ProjectCo LP’s name (in which case, the Operator will be added as a named insured in all such policies), or (ii) OPG’s name (in which case, ProjectCo LP will be added as a named insured in all such policies); provided, however, that as between OPG and ProjectCo LP, with respect to the nuclear liability insurance required pursuant to the NLCA, OPG shall be the sole named insured.
- (b) ProjectCo LP will be responsible for the costs and expenses of all Project Agreement Insurance, including, for clarity, the nuclear liability insurance required pursuant to the NLCA, and, subject to Section 11.3 in respect of the Operator Deductible, any deductibles or self-insured retentions for which ProjectCo LP is responsible under the Project Agreements (and such costs and expenses, and any applicable deductibles or self-insured retentions, will constitute MOMA Costs).

10.2 ProjectCo LP Insurance

- (a) Without duplication of any insurance required to be obtained and maintained pursuant to Section 10.1(a), the Operator will obtain and maintain in either (i) ProjectCo LP’s name (in which case the Operator will be added as a named insured in all such policies), or (ii) OPG’s name (in which case, ProjectCo LP will be added as a named insured in all such policies), all insurance required under Schedule B; provided, however, that:
 - (i) if any policy of insurance under Schedule B is not available on commercially reasonable terms, and, despite the Operator’s commercially reasonable efforts, the Operator is not able to obtain such policy, then the Operator will make a recommendation by Notice to ProjectCo LP with respect to the insurance that should be obtained in the alternative to the insurance listed in Schedule B and, once approved by ProjectCo LP, the Operator will obtain for ProjectCo LP, at ProjectCo LP’s sole cost and expense, such replacement insurance policy;
 - (ii) as between OPG and ProjectCo LP, with respect to the nuclear liability insurance required pursuant to the NLCA, OPG shall be the sole named insured;
 - (iii) as of the Effective Date, the Parties intend that there will be one shared Nuclear Property Damage Insurance Policy providing coverage for the Facility, the Leased Premises, the Other OPG Nuclear Facilities and the Other OPG Nuclear Sites (the “**Shared Nuclear Property Damage Insurance Policy**”);

- (iv) in the event that a Nuclear Property Damage Insurance Policy which will cover the Facility on a standalone basis become available from time to time after the Effective Date on terms that are determined by the Operator to be commercially reasonable (based, amongst other things, on the cost and adequacy of coverage of such policy (or policies)), the Operator will provide Notice to ProjectCo LP to that effect and, once approved by ProjectCo LP, the Operator will obtain for ProjectCo LP, at ProjectCo LP's sole cost and expense, such policy; and
- (v) the Operator will use commercially reasonable efforts to increase the limit of the Shared Nuclear Property Damage Insurance Policy listed in Schedule B to [REDACTED] (or such other limit approved by ProjectCo LP) if such coverage becomes available on terms that are determined by the Operator to be commercially reasonable and such increase is approved by ProjectCo LP.
- (b) ProjectCo LP will be responsible for payment of its Shared Nuclear Property Damage Premium Ratable Portion of premiums associated with the Shared Nuclear Property Damage Insurance Policy (which, for clarity, will constitute MOMA Costs) and OPG will be responsible for payment of its Shared Nuclear Property Damage Premium Ratable Portion of premiums associated with the Shared Nuclear Property Damage Insurance Policy (which, for clarity, will not constitute MOMA Costs).
- (c) Without limiting the Operator's liability to pay the Operator Deductible in certain circumstances pursuant to Section 11.3, any deductible payable in respect of the Shared Nuclear Property Damage Insurance Policy will be paid by ProjectCo LP or OPG, as applicable, based on where the insurable event occurred. That is, if: (i) the insurable event or events occurred at the Facility, ProjectCo LP shall pay the deductible; (ii) the insurable event or events occurred at an Other OPG Nuclear Facility, OPG shall pay the deductible; (iii) the insurable event or events occurred at both the Facility and an Other OPG Nuclear Facility, then OPG and ProjectCo LP shall pay the deductible in proportion to their respective Shared Nuclear Property Damage Proceeds Ratable Portion.
- (d) The Operator will, from time to time and in any event not less than once every two Fiscal Years, propose to ProjectCo LP an amended Schedule B with proposed amendments to the policies of insurance and amounts set forth therein in accordance with Prudent Industry Practices. Once approved by ProjectCo LP, the proposed Schedule B will constitute Schedule B for the purposes of this Agreement (and this Agreement will be deemed to be amended upon such approval).
- (e) If any policy of insurance required to be maintained in accordance with the provisions of this Section 10.2 is cancelled or is not available, or if the Operator receives notice from the applicable insurer(s) or is otherwise informed that any such policy of insurance will be cancelled, the Operator shall provide Notice thereof to ProjectCo LP.

10.3 Non-Nuclear Policy Proceeds of Insurance

- (a) On the occurrence of an event that results in the payment of any proceeds to ProjectCo LP from an insurance policy required to be maintained under this Agreement (other than (x) a Nuclear Property Damage Insurance Policy or a Shared Nuclear Property Damage Insurance Policy which is addressed in Section 10.5 or (y) third party liability insurance which is addressed in Section 10.4), such proceeds will be dealt with in accordance with the following waterfall (the “**Non-Nuclear Damage Waterfall**”):
 - (i) first, to the extent of any proceeds of insurance in respect of property insurance policies, such insurance proceeds will be used (A) to pay any costs and expenses to repair, reconstruct or replace any damage or destruction occurring to the Facility or the Leased Premises as a result of the event and/or to take protective measures in respect thereof, including as required by section 11.2 of the Lease Agreement, and (B) if ProjectCo LP determines (in accordance with the Lease Agreement) not to repair, reconstruct or replace any damage or destruction which has occurred to the Facility, to pay the Landlord to take any protective measures as required by section 11.2 of the Lease Agreement;
 - (ii) second, to the extent of any excess proceeds in respect of property insurance policies, such insurance proceeds will be used to pay Third Parties (including lenders of ProjectCo LP but not including any Shareholders or partners of ProjectCo LP or their respective Affiliates) any amounts owed to them by either ProjectCo LP or the Operator as a result of such event; and
 - (iii) third, any remaining insurance proceeds will be retained by ProjectCo LP and, subject to approval by ProjectCo LP, will be eligible for distribution to the partners of ProjectCo LP or retained for future capital expenses or operating expenses of ProjectCo LP.

10.4 Third Party Policy Proceeds of Insurance

Third Party liability insurance will be used, to the extent applicable, to pay amounts owing by ProjectCo LP or the Operator to Third Parties in accordance with the relevant policy.

10.5 Nuclear Property Policy Proceeds of Insurance

- (a) On the occurrence of an insurable event or events that result in a Claim by ProjectCo LP under a Nuclear Property Damage Insurance Policy or a Shared Nuclear Property Damage Insurance Policy, such Claim and the proceeds therefrom (including in respect of business interruption) will be dealt with in accordance with the following waterfall (the “**Nuclear Damage Waterfall**”):
 - (i) (x) if both ProjectCo LP and OPG have a Claim under a Shared Nuclear Property Damage Insurance Policy, the proceeds therefrom shall be

allocated to ProjectCo LP and OPG pursuant to each Party's Shared Nuclear Property Damage Proceeds Ratable Portion, provided that no Party will be entitled to insurance proceeds in excess of such Party's assessed Losses covered through the Shared Nuclear Property Damage Insurance Policy, or (y) if ProjectCo LP received proceeds from a Nuclear Property Damage Insurance Policy, then in the case of either clause (x) or (y) of this Section 10.5(a)(i), ProjectCo LP shall use any such proceeds received by it as follows:

- (A) first such proceeds will be used by ProjectCo LP to pay Third Parties (including lenders of ProjectCo LP but not including any Shareholders or partners of ProjectCo LP or their respective Affiliates) any amounts owed to them by either ProjectCo LP or the Operator as a result of such event;
 - (B) second, such remaining proceeds will be used by ProjectCo LP to pay any costs and expenses to repair, reconstruct or replace any damage or destruction occurring to the Facility or the Leased Premises as a result of the event and/or to take protective measures in respect thereof, including as required by section 11.2 of the Lease Agreement, and if ProjectCo LP determines (in accordance with the Lease Agreement) not to repair, reconstruct or replace any damage or destruction which has occurred to the Facility, to the Landlord to take any protective measures as required by section 11.2 of the Lease Agreement; and
 - (C) third, any remaining proceeds will be retained by ProjectCo LP and, subject to approval by ProjectCo LP, will be eligible for distribution to the partners of ProjectCo LP or retained for future capital expenses or operating expenses of ProjectCo LP;
- (ii) if only ProjectCo LP has a Claim under a Shared Nuclear Property Damage Insurance Policy (and OPG does not), the proceeds therefrom shall be allocated solely to ProjectCo LP, and ProjectCo LP shall use such proceeds received by it in accordance with the waterfall set forth in Section 10.5(a)(i)(A) through 10.5(a)(i)(C), above, provided that ProjectCo LP will not be entitled to insurance proceeds in excess of ProjectCo LP's assessed Losses covered through the Shared Nuclear Property Damage Insurance Policy; and
 - (iii) if only OPG has a Claim under a Shared Nuclear Property Damage Insurance Policy (and ProjectCo LP does not), the proceeds therefrom shall be allocated solely to OPG, provided that OPG will not be entitled to insurance proceeds in excess of OPG's assessed Losses covered through the Shared Nuclear Property Damage Insurance Policy.

10.6 Insurance Agreement

The Parties will work cooperatively to reflect the Non-Nuclear Damage Waterfall and the Nuclear Damage Waterfall in the terms of an Insurance Agreement following the Effective Date.

ARTICLE 11 NUCLEAR LIABILITY

11.1 Definitions

- (a) In this Article 11, and notwithstanding any provision in this Agreement to the contrary:
- (i) **“Adjusted Cap”** means, at any time, [REDACTED], as adjusted annually on January 1 of each calendar year following the Commercial Operation Date of Unit 1 by a factor equal to the change in Project CPI for the then preceding year.
 - (ii) **“DNNP Nuclear Installation”** means those lands and premises to be included in the applicable designation of Nuclear Installation in respect of the Facility pursuant to the NLCA.
 - (iii) **“Nuclear Incident”** has the meaning attributed to the term “nuclear incident” in the NLCA.
 - (iv) **“Nuclear Installation”** has the meaning attributed to the term “nuclear installation” in the NLCA.
 - (v) **“Operator Deductible”** means, in respect of a Nuclear Incident at the DNNP Nuclear Installation, the lesser of:
 - (A) in respect of the Nuclear Property Damage Insurance Policy or Shared Nuclear Property Damage Insurance Policy, as applicable, the amount of the deductible, self-insured retentions and retained losses incurred and paid by ProjectCo LP; and
 - (B) the amount of the Adjusted Cap at the time of the Nuclear Incident.

11.2 Compliance with the NLCA

The Operator, as operator of the Facility, will bear all liability imposed on an operator under the NLCA, pursuant to and to the extent set forth in the NLCA. The Operator will (a) comply with the NLCA and, for clarity, the Operator will obtain and maintain financial security (in the form of insurance or alternate financial security as provided under the NLCA) required under the NLCA, and (b) procure and maintain the insurance coverages to the extent required by the NLCA.

11.3 Operator Responsibility for Damage to Facility

ProjectCo LP and its Connected Persons will have no right to Claim and/or recover from, nor hold any Operator Indemnitee liable for, Losses in respect of or in relation to damage to the DNNP Nuclear Installation, the Facility, the Site, or any equipment or other property located at the DNNP Nuclear Installation, the Facility, or the Site that is used in connection with the DNNP Nuclear Installation or the Facility, in each case arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (ii) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, and ProjectCo LP (on its own behalf and on behalf of its Connected Persons) hereby irrevocably waives, and forever releases and discharges each Operator Indemnitee from, any and all rights, remedies and Claims in respect of such Losses, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, that ProjectCo LP and/or any of its Connected Persons may have against such Operator Indemnitee, provided that, and notwithstanding the foregoing, the Operator will be responsible for, and will indemnify and save harmless ProjectCo LP and its Connected Persons for, such Losses in respect of or in relation to damage to the DNNP Nuclear Installation, the Facility, the Site or any equipment or other personal property located at the DNNP Nuclear Installation, the Facility, or the Site that is used in connection with the DNNP Nuclear Installation or the Facility to the extent that such Losses are wholly or partly caused by an unlawful act or omission of the Operator or any Operator Indemnitee committed with intent to cause injury or damage, but only up to the amount of the Operator Deductible in respect of that Nuclear Incident or Release. For clarity, (a) any amount paid to ProjectCo LP by the Project Manager pursuant to section 11.3 of the Project Management Agreement will be deducted from any amount owing by the Operator to ProjectCo LP pursuant to this Section 11.3, and (b) in no circumstance whatsoever will the Operator's liability to ProjectCo LP and its Connected Persons pursuant to this Section 11.3 exceed the Operator Deductible.

11.4 No Recourse

- (a) OPG (on its own behalf and on behalf of each of its Connected Persons) agrees that it will have no recourse to:
 - (i) ProjectCo LP, ProjectCo GP and each of their respective Connected Persons and the ProjectCo LP Indemnitees arising out of or relating to (x) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (y) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, except in connection with (A) the proceeds of ProjectCo LP's Nuclear Property Damage Insurance Policy or Shared Nuclear Property Damage Insurance Policy, as applicable, to which OPG is entitled, and (B) any payments or liabilities owing by OPG, in any capacity (whether as the Operator, as agent and/or nominee for ProjectCo LP or in its own capacity),

to counterparties under any Project Agreements or Subcontracts arising out of or relating to (1) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (2) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site; or

- (ii) limited partners of ProjectCo LP or the Shareholders arising out of or relating to (x) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (y) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, whether at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise.
- (b) OPG (on its own behalf and on behalf of each of its Connected Persons) hereby irrevocably waives, and forever releases and discharges each of ProjectCo LP, ProjectCo GP and each of their respective Connected Persons and the ProjectCo LP Indemnitees from, any and all rights, remedies and Claims in respect of Losses, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, arising out of or relating to (x) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (y) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site, except as provided in paragraphs (A) and (B) of Section 11.4(a)(i).
- (c) It will be a condition of the Transfer of this Agreement by the Operator that the transferee, as the case may be, deliver the waiver described in Sections 11.4(a) and 11.4(b) to ProjectCo LP.
- (d) In respect of any Subcontract entered into by the Operator (in its own capacity) or any Contract that the Operator enters into as agent and/or nominee for and on behalf of ProjectCo LP following the Effective Date in respect of the Services, the Operator will use commercially reasonable efforts to obtain the waiver described in Sections 11.4(a) and 11.4(b) from such Subcontractor, but solely in respect of any Subcontract that requires the relevant Subcontractor to have its own property located on or near the Site and the value of such property exceeds or is expected to exceed [REDACTED] (as adjusted annually on January 1st of each calendar year following the Commercial Operation Date of Unit 1 by a factor equal to the change in Project CPI for the prior year) at any one time.

11.5 “Nuclear Installation” Designation

The Operator will use all reasonable efforts to have the Leased Premises prescribed as the lands for the “DNNP Nuclear Installation” under the NLCA by the time the CNSC operating licence is issued to the Operator.

11.6 Interpretation

- (a) This Article 11 will take precedence over all other provisions of this Agreement.
- (b) Each of the provisions of this Article 11 is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Article 11.
- (c) The Parties acknowledge and agree that nothing in Article 10, Article 11, Section 12.1 or Section 12.2 will in any way limit section 10.4 or section 10.5 of the Lease Agreement.

ARTICLE 12 INDEMNITY AND LIMITATION ON LIABILITY

12.1 ProjectCo LP Indemnity to OPG

ProjectCo LP will indemnify and save harmless OPG, its Affiliates, and each of its and their respective Representatives (each, an “**Operator Indemnatee**”) from and against any and all Direct Losses which may be suffered, sustained or incurred by them in connection with a Third Party Claim as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement, including the provision of the Services, by or on behalf of the Operator, except in each case (a) to the extent resulting from or arising from the fraud, intentional misrepresentation or willful misconduct of any Operator Indemnatee, (b) any amounts for which OPG, in another capacity, is required to indemnify any ProjectCo LP Indemnatee pursuant to the IESO Payments Agreement, the Lease Agreement or the Project Management Agreement, or (c) for clarity, but without limiting paragraphs (A) and (B) of Section 11.4(a)(i), to the extent resulting from or arising out of or relating to (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation or the Facility, or (ii) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site.

12.2 OPG Indemnity to ProjectCo LP

OPG will indemnify and save harmless ProjectCo LP, ProjectCo GP, their respective Affiliates, and each of its and their respective Representatives (each, a “**ProjectCo LP Indemnatee**”) from and against any and all Direct Losses which may be suffered, sustained or incurred by them as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the fraud, intentional misrepresentation or willful misconduct of any Operator Indemnatee in connection with the performance or breach of this Agreement, including the provision of the Services, provided that and notwithstanding the foregoing, this Section 12.2 shall not apply to any Losses to the extent resulting from or arising out of or relating to: (i) any Nuclear Incident at or in respect of the DNNP Nuclear Installation, or the Facility, or (ii) any Release of any Nuclear Substance or Nuclear Material at the DNNP Nuclear Installation, the Facility, or the Site.

12.3 Limit on Liability; Exclusive Remedy

- (a) Except as set out in Section 11.3 and Section 12.2, ProjectCo LP will have no right to Claim and/or recover from any Operator Indemnatee, and ProjectCo LP irrevocably waives, on its own behalf and on behalf of each ProjectCo LP Indemnatee and each of its Connected Persons, any and all rights, remedies and Claims that it may have against any Operator Indemnatee for, any Losses which may be suffered, sustained or incurred by or brought against one or more of the ProjectCo LP Indemnitees as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement, including the provision of the Services, by or on behalf of any Operator Indemnatee.
- (b) Notwithstanding anything herein to the contrary, including Section 11.3, in no event shall a Party be liable to the other Party or any Connected Persons of such other Party or any indemnitee of such other Party (being the Operator Indemnitees for OPG or the ProjectCo LP Indemnitees for ProjectCo LP) for any Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement by any Party, including the provision of the Services, by or on behalf of any Operator Indemnatee. Accordingly, each Party irrevocably waives, on its own behalf and on behalf of each of its Connected Persons and indemnitees, any and all rights, remedies and Claims that it may have against the other Party for Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement by any Party, including the provision of the Services, by or on behalf of any Operator Indemnatee.
- (c) Without limiting Section 16.3, each Party acknowledges and agrees that such Party's right to receive indemnification from the other Party pursuant to Section 11.3 and this Article 12 is such Party's sole and exclusive remedy in respect of the matters that are the subject of Section 11.3 and this Article 12, respectively.

12.4 Conduct of Claims

- (a) This Section 12.4 will apply to the conduct of Third Party Claims against an Operator Indemnatee and/or ProjectCo LP Indemnatee, as applicable, having, or claiming to have, the benefit of an indemnity pursuant to this Agreement. The conduct of all Claims will be subject to any insurer's right or duty to defend under any insurance policy required pursuant to Section 10.1, Section 10.2 and Schedule B. The Operator Indemnatee and/or ProjectCo LP Indemnatee, as applicable, having, or claiming to have, the benefit of the indemnity is referred to as the "**Beneficiary**" and the Party giving the indemnity is referred to as the "**Indemnifier**".

- (b) If the Beneficiary receives any notice, demand, letter or other document concerning any Claim for which it appears that the Beneficiary is, or may become entitled to, indemnification under this Article 12, the Beneficiary will give Notice to the Indemnifier as soon as reasonably practicable and in any event no later than 45 days after receipt of the Claim, provided that any failure to give such Notice will not affect the Indemnifier's obligation under this Article 12 in any way unless and only to the extent that the Indemnifier is prejudiced as a result of such failure to give such Notice. Such Notice will specify with reasonable particularity, to the extent that information is available, the factual basis for the Claim and the amount of the Claim.
- (c) Subject to Sections 12.4(e), 12.4(f), 12.4(g) and 12.4(h), on the giving of such Notice by the Beneficiary, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of the liability arising out of the Claim, the Indemnifier will be entitled to dispute the Claim in the name of the Beneficiary at the Indemnifier's sole cost and expense, and take conduct of any defence, dispute, compromise, or appeal of the Claim and of any incidental negotiations. The Beneficiary will give the Indemnifier all reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim.
- (d) The Beneficiary will have the right to employ separate counsel in respect of such Claim and the costs and expenses of such counsel will be to the account of the Beneficiary.
- (e) With respect to any Claim conducted by the Indemnifier,
 - (i) the Indemnifier will keep the Beneficiary reasonably informed and consult with it about material elements of the conduct of the Claim;
 - (ii) subject to Section 12.4(f), the Indemnifier will not pay, compromise or settle such Claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;
 - (iii) the Indemnifier will not admit liability or fault to any Third Party without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed; and
 - (iv) the Indemnifier will use commercially reasonable efforts to have the Beneficiary named as a beneficiary under any release given by the Persons bringing the Claim to which this Section 12.4(e) relates.
- (f) The Indemnifier will have the right in its sole discretion to settle a Claim for which it has an indemnity obligation hereunder only if:
 - (i) the settlement involves only the payment of money and execution of appropriate releases of the Beneficiary;

- (ii) there is no finding or admission of any violation of Applicable Laws by the Beneficiary; and
 - (iii) the Beneficiary will have no liability with respect to such compromise or settlement.
- (g) The Beneficiary will be entitled to control and assume responsibility for the defence of such Claim, at the sole cost and expense of the Indemnifier, and will be free to pay or settle any such Claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Agreement if:
 - (i) the Indemnifier fails to give Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 12.4(c) no later than 45 days after the Notice from the Beneficiary under Section 12.4(b) or gives Notice to the Beneficiary that the Indemnifier does not intend to take conduct of the Claim; or
 - (ii) the Indemnifier fails to comply in any material respect with Section 12.4(e).

Notwithstanding the foregoing provisions of this Section 12.4(g), (A) the Indemnifier may, in any event, participate in such Claim at its sole cost and expense, or (B) the Indemnifier may re-assume conduct of the defence at any time provided that same would not prejudice the Beneficiary. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to this Section 12.4(g), the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

- (h) Notwithstanding that the Indemnifier may have given Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 12.4(c) and without in any way limiting Section 12.4(g), the Beneficiary will be free at any time to give Notice to the Indemnifier that the Beneficiary is retaining or taking over, as the case may be, the conduct of any defence, dispute, compromise or appeal of any Claim, or of any incidental negotiations, to which Section 12.4(c) applies. ProjectCo LP acknowledges and agrees that where OPG is the Beneficiary, OPG may retain or take over such conduct in any matter involving breach of confidentiality or any matter involving public policy. On receipt of such Notice the Indemnifier will promptly take all steps necessary to transfer the conduct of such Claim to the Beneficiary, and will provide to the Beneficiary all relevant documentation and all commercially reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim. Without limiting Section 12.4(g), if the Beneficiary gives any Notice pursuant to this Section 12.4(h), then the Indemnifier will be irrevocably released from any liabilities arising under the applicable indemnity hereunder in respect of the applicable Claim. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to Section 12.4(g), the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

- (i) If the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers, whether by payment, discount, credit, saving, relief, insurance or other benefit or otherwise, a sum or anything else of value (the “**Recovery Amount**”) which is directly referable to the fact, matter, event or circumstances giving rise to the claim under the indemnity, the Beneficiary will promptly repay to the Indemnifier whichever is the lesser of:
 - (i) an amount equal to the Recovery Amount less any out-of-pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and
 - (ii) the amount paid to the Beneficiary by the Indemnifier in respect of the Claim under the relevant indemnity,

provided that, except as contemplated in Section 12.5(a), there will be no obligation on the Beneficiary to pursue any Recovery Amount and that the Indemnifier will be repaid only to the extent that the Recovery Amount, aggregated with any sum recovered from the Indemnifier, exceeds the Direct Losses sustained by the Beneficiary except, however, that if the Beneficiary elects not to pursue a Recovery Amount, the Indemnifier will be entitled to require an assignment to it of the right to do so.

- (j) Any Person taking any of the steps contemplated by this Section 12.4 will comply with the requirements of any insurer who may have an obligation to provide an indemnity or insurance in respect of any liability arising under this Agreement.
- (k) Nothing in this Section 12.4 shall preclude an individual director or officer of a Beneficiary, if such individual director or officer is personally named in such Claim, from retaining its own counsel and participating in such Claim to the extent of such individual’s personal interests therein.

12.5 Mitigation – Indemnity Claims

- (a) Each Party will at all times take commercially reasonable steps to minimize and mitigate any Direct Losses for which such Party is entitled to, or may become entitled to, indemnification under this Article 12.
- (b) To the extent that the Indemnifier is prejudiced by the Beneficiary failing to comply with Section 12.5(a), then any such indemnity will not extend to the amount of such Direct Losses which would have been reduced or avoided by such Party having complied with Section 12.5(a).

ARTICLE 13 INTELLECTUAL PROPERTY OWNERSHIP AND LICENSES

13.1 Ownership of Intellectual Property

To the extent any Intellectual Property or Intellectual Property Rights are made, developed or created by performance of the Services or otherwise pursuant to this Agreement (“**Developed**

IP”), the Parties agree that as between the Parties and the Licensor, the Developed IP shall be owned by (or licensed from a Third Party to) the Licensor. To the extent arising to or held by ProjectCo LP, in consideration for \$1.00, ProjectCo LP hereby assigns, and to the extent necessary to give effect to the preceding sentence, will cause its Representatives and any counterparty to any Project Agreement to assign, all such right, title and interest in and to the Developed IP to the Licensor. The Parties acknowledge that, as of the Effective Date, OPG is both the Operator and the Licensor. If OPG Transfers its rights, title and interests in and to this Agreement pursuant to Section 15.1, the Licensor may elect to remain a Party to this Agreement for the purposes of Section 5.15(b) and this Article 13, separate and apart from the transferee.

ARTICLE 14

TERM AND TERMINATION

14.1 Term of Agreement and Transition of Services from the Project Management Agreement

- (a) The term (the “**Term**”) of this Agreement will commence on the Effective Date and will end on the termination or expiry of the Lease Agreement.
- (b) Upon the termination of the Project Management Agreement in accordance with the terms thereof, the management and administration of all Project Agreements (including the enforcement of all warranties, performance guarantees or any other rights of ProjectCo LP) will be deemed to be fully transitioned to, and under the management of, the Operator under this Agreement.

14.2 Winding Down

Notwithstanding Section 14.1, upon the termination or expiry of this Agreement:

- (a) as applicable, the Operator and ProjectCo LP will take all steps as may be reasonably required to transition the Services and complete any final accounting between them and any other matter contemplated by this Agreement and, without limiting the foregoing, ProjectCo LP will pay all MOMA Costs paid or incurred by the Operator up to the date of termination or expiry in accordance with Article 9 or paid or incurred by the Operator as a result of the Operator complying with this Section 14.2(a) and Section 14.2(b) (and, for clarity any costs and expenses for which Landlord is responsible under the Lease Agreement, including in respect of its Decommissioning Obligations and Nuclear Waste Management Obligations will be excluded from such costs); and
- (b) as applicable, the Operator will continue to provide administration services to ProjectCo GP (acting in its own capacity and in its capacity as managing general partner of ProjectCo LP) and ProjectCo LP following the end of the Term as required to wind-up ProjectCo GP and ProjectCo LP and the affairs thereof,

provided that no termination fee or penalty shall be payable by ProjectCo LP.

14.3 No Other Rights to Terminate

Except as contemplated by Section 14.1(a), the Parties will have no rights or entitlements to terminate this Agreement, including in the event of a material breach, or to accept repudiation of this Agreement by the other Party, and will not exercise, nor purport to exercise, any such right or entitlement except as explicitly set forth in this Agreement.

14.4 Survival of Certain Provisions

Termination or expiration of this Agreement will be without prejudice to, and will not affect, Article 1, Article 4, Article 8, Article 9, Article 11, Article 12, Article 13, Article 14, Article 16, Article 18, Article 19, Article 20, Schedule C and any other provisions of this Agreement which are expressed to survive termination or expiration or which are required to give effect to such provisions which survive termination or expiration, all of which will survive the termination or expiration of this Agreement.

ARTICLE 15 ASSIGNMENT

15.1 Assignment by OPG

- (a) OPG may not Transfer this Agreement (an “**Operator Transfer**”) without the prior written consent of ProjectCo LP (which consent may be withheld by ProjectCo LP in its sole and absolute discretion), provided that, and notwithstanding the foregoing, OPG may complete an Operator Transfer without the prior written consent of ProjectCo LP in accordance with the following (each, a “**Permitted Operator Transfer**”):
 - (i) subject to Section 13.1, section 13.1 of the Project Management Agreement and section 5.9(e) of the IESO Payments Agreement, OPG (or its Wholly-Owned Subsidiary if OPG has Transferred its rights, title and interests in and to this Agreement to its Wholly-Owned Subsidiary pursuant to Section 15.1(a)(ii)) is Transferring all of its rights, title and interests in and to this Agreement to a Qualified Successor Operator and, concurrently with such Operator Transfer,
 - (A) OPG (or its relevant Affiliates) has:
 - I. sold, assigned, transferred or otherwise disposed of all of its rights, title and interests in and to the IESO Payments Agreement, the OPG ECA and the Project Management Agreement in accordance with such agreements (in each case, to the extent such agreement is then in force), and
 - II. sold, assigned, transferred or otherwise disposed of all of its direct or indirect Equity Interests in ProjectCo LP and ProjectCo GP (and those held by its Affiliates) in accordance with their respective Governing Documents,

in each case, to that Qualified Successor Operator (or, in respect of the preceding Section 15.1(a)(i)(A)II, to a designee of such Qualified Successor Operator, which designee must be a Wholly-Owned Affiliate of such Qualified Successor Operator), and

- (B) the Qualified Successor Operator has assumed all of OPG's (or its relevant Affiliates') past, present and future obligations and liabilities under the IESO Payments Agreement, the Project Management Agreement, the OPG ECA (in each case, to the extent such agreement is then in force) and this Agreement; or
- (ii) subject to Section 13.1, OPG is Transferring all of its rights, title and interests in and to this Agreement to a Wholly-Owned Subsidiary of OPG, provided that OPG and such Wholly-Owned Subsidiary shall be jointly and severally liable for all of OPG's obligations and liabilities under this Agreement;

and, in each case (items (i) and (ii) above), (w) any Consents to such Operator Transfer that are required to be obtained from any Third Party to a material Contract to which ProjectCo LP is party or from any Governmental Authority shall have been obtained, (x) such Operator Transfer does not result in a breach of Applicable Laws, (y) upon such Operator Transfer, ProjectCo LP would continue to be entitled to receive all ProjectCo LP Revenue, and (z) such assignee agrees to the waiver set forth in Section 11.4, and provided further that OPG shall have provided to ProjectCo LP not less than 30 days' prior Notice of the proposed Operator Transfer.

- (b) Notwithstanding Section 15.1(a), the Operator may grant a security interest in its interests in this Agreement in favour of a *bona fide* arm's length Third Party commercial lender (or a collateral agent therefor), or in favour of bondholders (or trustee therefor) providing financing to the Operator upon obtaining the consent of ProjectCo LP, which consent may not be unreasonably withheld provided that any realization of such lenders is subject to the terms and conditions of this Agreement.
- (c) In the event that a Permitted Operator Transfer is made pursuant to Section 15.1(a)(ii), the Wholly-Owned Subsidiary to which such Permitted Operator Transfer is made shall not permit the completion of any transaction that would result in such Person ceasing to be a Wholly-Owned Subsidiary of OPG unless all of such Person's rights, title and interests in this Agreement are first Transferred back to OPG or another Wholly-Owned Subsidiary of OPG in accordance with this Agreement.

15.2 Release of OPG

Upon a Permitted Operator Transfer made pursuant to Section 15.1(a)(i), OPG will be irrevocably freed and released from all past, present and future obligations and liabilities under this Agreement without further written agreement of the Parties.

15.3 Assignment by ProjectCo LP

- (a) Any Transfer by ProjectCo LP of this Agreement or ProjectCo LP's interest in this Agreement (each, a "**ProjectCo LP Transfer**") will be prohibited without the prior written consent of OPG, in its sole and absolute discretion.
- (b) Notwithstanding Section 15.3(a), ProjectCo LP may grant a security interest in its interests in this Agreement in favour of a bona fide arm's length Third Party commercial lender (or a collateral agent therefor), or in favour of bondholders (or trustee therefor), providing financing to ProjectCo LP if it first obtains the written consent of OPG, which consent may not be unreasonably withheld or delayed.

15.4 No Release on Transfer

Other than as contemplated by Section 15.2, neither Party will be released from its obligations under this Agreement in connection with any Operator Transfer or ProjectCo LP Transfer, as applicable. Any Transfer not expressly permitted by this Agreement will be null and void.

ARTICLE 16 DISPUTES

16.1 Dispute Resolution Procedure

All disputes, disagreements, controversies, questions or Claims arising out of or relating to this Agreement, and all other agreements entered into pursuant to the terms of this Agreement, including with respect to the formation, applicability, breach, termination, validity or enforcement thereof (collectively, "**Disputes**") shall be determined in accordance with Schedule C, which sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of Disputes pursuant to the terms of Schedule C shall be final and binding upon the Parties to this Agreement, and there shall be no appeal therefrom, including any appeal to a court on a question of law, a question of fact, or a question of mixed fact and law. For clarity, any rights of appeal under subsections 45(1), (2) and (3) of the Arbitration Act shall not apply to an arbitration under this Section 16.1 and Schedule C.

16.2 Pendency of Disputes

The existence of a Dispute or the pendency of the dispute settlement or resolution procedures set forth in Section 16.1 and Schedule C shall not in and of themselves relieve or excuse any Party from its ongoing duties and obligations under this Agreement, including any obligation to make any undisputed payment hereunder.

16.3 Specific Performance

The Parties agree that significant damage and irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that remedies at law may be inadequate to protect against a breach of this Agreement. It is accordingly agreed that the Parties shall be each entitled to an

injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, without proof of actual damages, this being in addition to any other remedy to which each Party is entitled at law or in equity, subject to Section 14.3.

ARTICLE 17

REPRESENTATIONS AND WARRANTIES

17.1 ProjectCo LP Representations and Warranties

ProjectCo LP represents and warrants to OPG that:

- (a) ProjectCo LP is a limited partnership formed and validly existing and in good standing under the laws of the Province of Ontario;
- (b) ProjectCo GP is a corporation incorporated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted, on its own behalf and on behalf of ProjectCo LP;
- (c) ProjectCo LP has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by ProjectCo LP;
- (d) this Agreement has been duly authorized, executed and delivered by ProjectCo GP and constitutes a legal, valid and binding obligation of ProjectCo LP, enforceable against ProjectCo LP in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and
 - (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;
- (e) the execution and delivery by ProjectCo LP of this Agreement, and the performance by ProjectCo LP of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:
 - (i) ProjectCo GP's Governing Documents;
 - (ii) ProjectCo LP's Governing Documents;
 - (iii) any Applicable Laws; or

- (iv) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement;
- (f) each of ProjectCo GP and ProjectCo LP is able to meet its financial obligations as they become due;
- (g) ProjectCo LP is registered under Division V of Part IX of the ETA and its registration number is 72850 9969; and
- (h) each of ProjectCo GP and ProjectCo LP is not, and will not be, a Non-Resident.

All of the representations and warranties of ProjectCo LP set forth in this Section 17.1 are true and correct on the Effective Date. ProjectCo LP will provide OPG with Notice if any of the representations and warranties of ProjectCo LP set forth in this Section 17.1 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after ProjectCo LP becomes aware of such falsity or inaccuracy, or immediately if OPG would be prejudiced by any delay in providing such Notice.

17.2 OPG Representations and Warranties

OPG represents and warrants to ProjectCo LP that:

- (a) OPG is a corporation amalgamated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted;
- (b) OPG has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by the Operator;
- (c) this Agreement has been duly authorized, executed and delivered by OPG and constitutes a legal, valid and binding obligation of OPG, enforceable against OPG in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and
 - (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;

- (d) the execution and delivery by OPG of this Agreement, and the performance by OPG of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:
 - (i) OPG's Governing Documents;
 - (ii) any Applicable Laws; or
 - (iii) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement or provide the Services;
- (e) OPG is able to meet its financial obligations as they become due;
- (f) OPG is registered under Division V of Part IX of the ETA and its registration number is 87866 4226; and
- (g) OPG is not, and will not be, a Non-Resident.

All of the representations and warranties of OPG set forth in this Section 17.2 are true and correct on the Effective Date. OPG will provide ProjectCo LP with Notice if any of the representations and warranties of OPG set forth in this Section 17.2 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after OPG becomes aware of such falsity or inaccuracy, or immediately if ProjectCo LP would be prejudiced by any delay in providing such Notice.

ARTICLE 18 CONFIDENTIAL AND PERSONAL INFORMATION

18.1 Definition of Confidential Information

- (a) For the purposes of this Agreement, “**Confidential Information**” means any information provided by a Party, or its Representatives on behalf of such Party, on the one hand (such Party, the “**Disclosing Party**”), to the other Party, or any of its Representatives on its behalf, on the other hand (such Party, the “**Receiving Party**”), in connection with this Agreement, whether before or after the Effective Date, whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, studies, derivative works, reproductions, copies, extracts, summaries or other documents containing or based upon, in whole or in part, any of the information listed above in this definition, including the terms of this Agreement, provided, however, “**Confidential Information**” shall not include Personal Information obtained by the Receiving Party (or its Representatives) from the Disclosing Party (or its Representatives) that is controlled by the Receiving Party

within the meaning of applicable Privacy Laws. For clarity, if a record that constitutes Confidential Information contains Personal Information, the record (including any Personal Information contained therein) shall remain treated as Confidential Information. For clarity:

- (i) the Licensor is deemed to be the Disclosing Party with respect to all Developed IP and all Intellectual Property Rights licensed to ProjectCo LP pursuant to the IP Rights Agreement;
 - (ii) other than the information set forth in Section 18.1(a)(iv), OPG is deemed to be the Disclosing Party with respect to any information produced, retained or otherwise maintained by the Operator in the course of performing the Services;
 - (iii) OPG is deemed to be the Disclosing Party with respect to any Other Documentation; and
 - (iv) ProjectCo LP is deemed to be the Disclosing Party with respect to all Corporate Records.
- (b) Confidential Information will not include any information which the Receiving Party can conclusively establish:
- (i) was already lawfully in the possession of the Receiving Party on a non-confidential basis or lawfully known to the Receiving Party on a non-confidential basis prior to the disclosure of such information by or on behalf of the Disclosing Party;
 - (ii) is or was lawfully and independently developed by the Receiving Party, or on its behalf, by Persons having no access to Confidential Information at the time of such independent development;
 - (iii) is or was, at the time of disclosure, already in the public domain, or subsequently enters the public domain, in each case through no breach of the Receiving Party's confidentiality obligations under this Agreement; and for clarity, any subsequent publication of the information shall not cure any breach arising from an unauthorized disclosure by the Receiving Party; or
 - (iv) is or was lawfully obtained by the Receiving Party from an independent Person under no legal obligation to maintain the confidentiality of such information.

18.2 Treatment of Confidential Information

- (a) The Receiving Party will maintain the confidential nature of the Confidential Information and will take reasonable steps to protect the Confidential Information from unauthorized use, access and disclosure using at least those measures that it takes to protect its own Confidential Information of a similar nature, but no less

than reasonable care. Confidential Information will not be used by the Receiving Party nor published, communicated or otherwise disclosed by the Receiving Party to any Person except (i) as may be required for the Receiving Party to perform its obligations or exercise its rights under this Agreement and in accordance with this Agreement, or (ii) as otherwise permitted in this Agreement, including in Section 18.3.

- (b) ProjectCo LP will not Handle Confidential Information or Personal Information provided by the Operator outside of Canada, or permit the same to be done, except to the extent that ProjectCo LP obtains prior approval from OPG, which approval may be withheld in OPG's sole discretion.
- (c) In respect of any Confidential Information disclosed by the Disclosing Party, the Receiving Party will be fully responsible for and liable to the Disclosing Party for any subsequent use or disclosure of the Disclosing Party's Confidential Information not permitted under this Agreement. For clarity and notwithstanding the foregoing, neither Party will be responsible for, or liable to the other Party for, any subsequent use or disclosure of such other Party's Confidential Information in accordance with Sections 18.4(a), 18.4(b) and/or 18.4(c).
- (d) Confidential Information will remain the property of the Disclosing Party, and no licence of any intellectual property rights, or any other right, of the Disclosing Party in respect of its Confidential Information is granted to the Receiving Party by the disclosure of the Disclosing Party's Confidential Information, except as otherwise set out in this Agreement.
- (e) The Receiving Party acknowledges that disclosure of the Confidential Information in contravention of this Article 18 may cause significant damage and irreparable harm to the Disclosing Party and that remedies at law may be inadequate to protect against a breach of this Article 18, and the Receiving Party hereby agrees in advance to the granting of injunctive relief in the Disclosing Party's favour, without proof of actual damages, in addition to any other remedy the Disclosing Party may be entitled to at law or in equity.
- (f) Immediately following (i) the expiration or sooner termination of the Term, or (ii) where OPG is the Receiving Party and there has been an Operator Transfer pursuant to Section 15.1(a)(i), at the written request of the Disclosing Party, the Receiving Party will, at the Disclosing Party's option, delete, destroy or return to the Disclosing Party all Confidential Information supplied by or on behalf of the Disclosing Party, no later than 60 days after receiving Notice of such a request therefor, provided that the Receiving Party will be entitled to retain one copy of such Confidential Information for record keeping purposes and provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having Confidential Information of the Disclosing

Party therein (except with respect to its one permitted copy for record keeping purposes).

- (g) In the event that the Receiving Party discloses Confidential Information that is not permitted to be disclosed under this Agreement, the Receiving Party agrees to use commercially reasonable efforts to recover all copies of such Confidential Information and provide Notice to the party receiving such Confidential Information as to the confidential nature of the Confidential Information. In the event that the Disclosing Party inadvertently supplies Confidential Information that the Receiving Party is not entitled to receive under this Agreement, then the Disclosing Party may send Notice to the Receiving Party requesting a return of all copies of such Confidential Information and the Receiving Party agrees to, as far as reasonably practicable, return all copies of Confidential Information provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable delete all e-mails and data files having any copies of such documents therein.
- (h) Notwithstanding anything in Section 18.2(g), in the event that a Receiving Party becomes aware of any theft, loss or unauthorized access, use or disclosure of Confidential Information of the Disclosing Party (a “**Confidentiality Incident**”), the Receiving Party shall (i) promptly, and in any event within 24 hours, notify the Disclosing Party of the Confidentiality Incident and promptly share any information reasonably requested by the Disclosing Party with respect to the Confidentiality Incident during the course of the response to the Confidentiality Incident, (ii) work to promptly contain and remediate the Confidentiality Incident, and (iii) cooperate with the Disclosing Party’s reasonable requests in the Disclosing Party’s efforts to mitigate its risks or harms arising from the Confidentiality Incident. The Parties acknowledge and agree that (A) communications between each other with respect to a Confidentiality Incident are for the purpose of the Parties receiving legal advice with respect to the Confidentiality Incident and its risks, and (B) such communications are subject to the common-interest exception to the waiver of privilege.
- (i) Where the Disclosing Party anticipates disclosing Confidential Information of a particularly sensitive nature to the Receiving Party, the Disclosing Party can request that the Receiving Party apply certain safeguards to the information in question. The Receiving Party will follow the request except that it can refuse part or all of such a request where the request is not commercially reasonable or impossible in the circumstances.

18.3 Disclosure of Confidential Information

- (a) Notwithstanding Section 18.2, a Receiving Party may disclose Confidential Information of the Disclosing Party:

- (i) (A) to its Affiliates, partners and shareholders and other direct or indirect holders of Equity Interests in its Affiliates, partners or shareholders, and each of its and their respective Representatives, in each case who have a need to know in respect of the performance of the Receiving Party's obligations or exercise of the Receiving Party's rights under this Agreement or otherwise in connection with their direct or indirect investment in ProjectCo LP or ProjectCo GP, (B) in the case of OPG or any Crown corporation or other agency of the Province of Ontario that directly or indirectly holds Equity Interests in a partner of ProjectCo LP or a shareholder of ProjectCo GP, to the Province of Ontario, the Government of Ontario, any Ministry thereof and any of their respective Representatives who have a need to know in respect of the performance of the Receiving Party's obligations or the exercise of the Receiving Party's rights under this Agreement or otherwise in connection with their direct or indirect investment in ProjectCo LP, and (C) in the case of any partner of ProjectCo LP or Shareholder Controlled by the Government of Canada, to its investment manager, any of its Affiliates and each of its and their respective Representatives, in each case who have a need to know for the purposes of managing a direct or indirect investment in ProjectCo LP or ProjectCo GP and any ancillary purposes thereto; provided that, in each case, such Person has been informed of the Receiving Party's confidentiality obligations hereunder and is under obligations substantially similar to, and at least as stringent as, the Receiving Party's own confidentiality obligations hereunder;
- (ii) as required by Applicable Laws, provided that, where permitted by Applicable Laws, prior to any such disclosure, the Disclosing Party will be promptly notified by the Receiving Party of the proposed disclosure and the Receiving Party will, at the Disclosing Party's request, take reasonable steps to allow the Disclosing Party, at the Disclosing Party's sole cost and expense, to contest the requirement for disclosure and/or limit the disclosure of Confidential Information to only such portions as are required by Applicable Laws or to obtain an order or ruling to preserve the confidentiality of such Confidential Information;
- (iii) except and to the extent that legal privilege applies to such Confidential Information, as necessary in connection with any Dispute so long as such disclosure is made on a confidential basis in accordance with the Dispute Resolution Procedure or as necessary in connection with any Third Party Claim in respect of this Agreement;
- (iv) in the case of OPG, to the Operator Parties and the Operator Personnel and any personnel (including consultants, agents, personnel, staff, augmented staff, labour and other directors, officers and employees) of the Operator Parties, in each case, if required in connection with the Leased Premises, the Facility or the Services, provided that OPG has informed such Person of its confidentiality obligations hereunder and such Person will have

entered into a written agreement with, or covenanted in favour of, OPG to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder;

- (v) to the extent necessary, to any financial institution or other Person from whom equity or debt financing is being sought (including any guarantor or provider of guarantee programs with respect to such debt financing) and to their respective Representatives in connection with any proposed equity or debt financing to be obtained or sought by the Receiving Party or any of its partners or shareholders in respect of the Facility (including as equity investor or lender to a direct or indirect holder of an Equity Interest in the partners of ProjectCo LP or shareholders of ProjectCo GP), provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (vi) to the extent necessary, to the IESO or any Crown corporation or other agency of the Province of Ontario that enters into a power purchase agreement, a contract for differences or other similar Contract for the sale of electricity with the Receiving Party for all purposes of such Contract, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (vii) to the extent necessary, to the Transmission Company and any local distribution company, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (viii) to the OEB, including the OEB's staff, and to any Representatives of OEB-approved regulatory Proceeding intervenors, provided that the Receiving Party uses commercially reasonable efforts to request that Confidential Information be given confidential treatment by the OEB in an OEB regulatory Proceeding if warranted in the circumstances (in the reasonable judgement of OPG, consistent with the OEB's then current practice directions, policies or guidance on confidential filings and OPG's own

practices in respect of the treatment of its own confidential information by the OEB);

- (ix) to any Governmental Authority, in connection with obtaining and/or maintaining the Permits, provided, however, that the Receiving Party shall label documents or correspondence containing such Confidential Information as subject to exemption from further disclosure under Access Laws, where reasonably applicable;
 - (x) to the extent necessary, to any nuclear industry organization to which OPG is a member (including WANO), provided that such organization has been informed of OPG's confidentiality obligations hereunder and agrees in writing to hold such Confidential Information confidential on terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder; and
 - (xi) to the extent necessary, to any potential purchaser, lessee or transferee of the Facility or any potential purchaser of any direct or indirect Equity Interests in the Receiving Party, to any lender in connection with the financing thereof, and, in each case, to their respective Representatives, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder.
- (b) The Receiving Party shall be responsible to the Disclosing Party for any failure to perform or observe, or any breach of, an obligation of the Receiving Party set forth in this Article 18 by any Person to whom such Receiving Party has disclosed Confidential Information. For the purposes of this Article 18, if the Disclosing Party discloses Confidential Information to a Representative of the Receiving Party directly, the Receiving Party shall be deemed to have disclosed such Confidential Information to such Representative.

18.4 Freedom of Information and Protection of Privacy Act and Access to Information Act

- (a) The Parties acknowledge and agree that: (i) OPG, the Province of Ontario, ProjectCo LP, and other Persons, are or may be subject to Access Laws; and (ii) OPG, the Province of Ontario, ProjectCo LP and other Persons subject to Access Laws will be permitted, subject to Section 18.4(b) in respect of the Parties, to disclose Confidential Information where required under such Access Laws notwithstanding anything else in this Article 18. The confidentiality covenants contained in this Agreement are expressly subject to any and all obligations and requirements that may exist or may in the future arise under Access Laws, including all disclosure obligations.

- (b) A Party that receives a request under an Access Law that impacts the Confidential Information of the other Party will, in accordance with the requirements of Access Laws, advise the impacted Party of the request and provide the impacted Party with an opportunity to make submissions as to why the Confidential Information is exempt from disclosure under the Access Law.
- (c) The Parties acknowledge and agree that the ATIA may apply to Confidential Information disclosed by a Party to the CNSC. The Receiving Party will take commercially reasonable measures to preserve the confidentiality of any Confidential Information disclosed by such Receiving Party to the CNSC, including by ensuring that any such Confidential Information disclosed to the CNSC is clearly marked as confidential.
- (d) The provisions of this Section 18.4 will prevail over and in lieu of any other applicable provisions in this Agreement that conflict with the provisions of this Section 18.4.

18.5 Personal Information

- (a) For the purposes of this Agreement, “**Personal Information**” means any information that is both (i) about an identifiable individual or otherwise governed by Applicable Laws relating to privacy, and (ii) under the possession, custody or control of a Party or Handled by that Party or its Representatives on behalf of that Party in connection with the Services or a Party’s obligations under this Agreement.
- (b) Each Party will Handle and safeguard Personal Information in accordance with Applicable Laws, including Applicable Laws governing privacy and the security of Personal Information (“**Privacy Laws**”).
- (c) Each Party will promptly inform the other Party of any loss, theft or accidental or unauthorized Handling of Personal Information that may materially impact the other Party or the Services. The Parties will cooperate on any response, investigation or mitigation or steps related thereto.
- (d) Each Party is responsible for their respective compliance with Privacy Laws, and will cooperate in good faith with the other Party in their respective efforts to comply with Privacy Laws in connection with this Agreement. Each Party will provide in a timely manner, all necessary and reasonable information and co-operation to the other Party and to any Governmental Authorities with jurisdiction or oversight over Privacy Laws in connection with any investigations, audits or inquiries made by any such Governmental Authorities under Privacy Laws relating to the Handling of Personal Information in connection with the Services or any Party’s rights and obligations under this Agreement.
- (e) To the extent of any conflict or inconsistency between this Section 18.5 and Section 18.2 or Section 18.3, this Section 18.5 will prevail.

18.6 US Export Control

- (a) In this Section 18.6, and notwithstanding any provision in this Agreement to the contrary:
- (i) **“Authorized Third Party”** means a representative of the Receiving Party who needs to know Restricted Information for the purpose of performing the Receiving Party’s obligations under this Agreement.
 - (ii) **“DOE-Controlled Information”** means non-public technology or assistance covering nuclear fuel fabrication (including preparation of fuel elements, fuel assemblies and cladding thereof) and commercial nuclear reactor development, production, or use of the components within or attached directly to the reactor vessel, the equipment that controls the level of power in the core, and the equipment or components that normally contain or come in direct contact with or control the primary coolant of the reactor vessel, or any equipment or material especially designed or prepared for such activities (see 10 C.F.R. §§ 810.2(b)(3), (5) and (9), as may be amended in the future) (for clarity, additional information is subject to DOE export controls, see, e.g., 10 C.F.R. §§ 810.2(b)(1), (2), (4), (6), (7), and (8), but will not be exchanged under this Agreement). The terms “development,” “production,” and “use” are defined in Part 810. DOE-Controlled Information could be in the form of blueprints, plans, diagrams, models, formulae, tables, engineering designs, specifications, manuals, and instructions written or recorded on other media or devices such as disks, tapes, read-only memories, computational methodologies, algorithms, and computer codes that can directly or indirectly affect the production of special nuclear material or through assistance as defined in Part 810. DOE-Controlled Information also can be transferred through visual observation.
 - (iii) **“Modified Retransfer Assurances”** has the meaning given in Section 18.6(c).
 - (iv) **“NNSA”** means the U.S. Department of Energy’s National Nuclear Safety Administration.
 - (v) **“representatives”** of a Person means any Subcontractor of such Person, or shareholder of such Person, or (in respect of the Operator only) contractor or subcontractor of the Operator and any director, officer, employee, secondee or augmented staff who are under the direction and control of that Person, representative, agent, consultant or advisor (including financial advisors, technical advisors, legal counsel, accountants and auditors) of that Person or of any such Subcontractor or shareholder or (in respect of the Operator only) contractor or subcontractor of the Operator.
 - (vi) **“Restricted Information”** has the meaning given in Section 18.6(b).

- (b) The Parties acknowledge that the subset of Confidential Information that is of a technical nature or technical assistance, including DOE-Controlled Information (collectively, “**Restricted Information**”) that is disclosed by a Disclosing Party or its representatives in connection with this Agreement will, at all times, be subject to the Export Control Regulations. Each Receiving Party will, and will cause its representatives, Authorized Third Parties and their respective representatives to, comply with the Export Control Regulations applicable to the Restricted Information.
- (c) The Parties acknowledge that (i) the NNSA is allowing the use of modified retransfer assurances for the transfer of Restricted Information that is DOE-Controlled Information from United States companies to the Operator (which modified retransfer assurances were approved by the NNSA, for the Operator, on September 16, 2021, as reflected in Section 18.6(d), and as may be amended, restated, or replaced by the NNSA from time to time, the “**Modified Retransfer Assurances**”), and (ii) the Operator is permitted to flow down the Modified Retransfer Assurances, including to ProjectCo LP provided that ProjectCo LP is bound by the restrictions described in Section 18.6(d).
- (d) The Parties acknowledge and agree that, in respect of any Restricted Information of the Operator or any of its Affiliates that is provided by the Operator directly, or through any of the Operator’s Affiliates or representatives (or representatives of such Affiliates), to ProjectCo LP or any of its representatives (whether in paper, electronic, digital or any other form or media), compliance with the United States’ Export Control Regulations will be satisfied through compliance with the Modified Retransfer Assurances. For clarity, compliance with the Modified Retransfer Assurances for any Restricted Information of the Operator or any of its Affiliates that is provided by the Operator directly, or through any of the Operator’s Affiliates or representatives (or representatives of such Affiliates), (whether in paper, electronic, digital or any other form or media) to the Operator or through the Operator to ProjectCo LP or any of its representatives requires only the following:
 - (i) ProjectCo LP will treat the Restricted Information in a manner, and with a duty of care that is no less than how it treats its confidential information, and in any event, no less than a reasonable duty of care;
 - (ii) ProjectCo LP will share, transfer, or otherwise provide access to Restricted Information only to those of its directors, officers, employees, and secondees and augmented staff who are under ProjectCo LP’s direction and control who need access to such Restricted Information in connection with the Facility or the Services (for clarity, Restricted Information will not be generally accessible to all employees of ProjectCo LP); and
 - (iii) ProjectCo LP will share, transfer, or otherwise provide access to Restricted Information to any of its representatives or Authorized Third Parties that are not individuals only if such representative or Authorized Third Party needs

such Restricted Information or access in connection with the Facility or the Services and provided that such representative or Authorized Third Party:

- (A) is incorporated, formed or organized in Canada, the United States, or a country listed in Appendix A to Part 810 other than Chile or the Ukraine;
 - (B) provides such Restricted Information or access to only those of its representatives that need access to such Restricted Information in connection with the Facility or the Services, as the case may be; and
 - (C) enters into an agreement with ProjectCo LP confirming that (I) it will comply with this Section 18.6, and (II) the obligations set out in this Section 18.6 will be continually flowed down in any other agreement under which such representative or Authorized Third Party could similarly provide Restricted Information to its counterparties, suppliers, contractors and subcontractors of any tier (and their directors, officers, employees, and secondees and augmented staff who are under their direction and control) in connection with the Facility or the Services, as the case may be.
- (iv) ProjectCo LP will notify the Operator of the representatives or Authorized Third Parties that are not individuals to which ProjectCo LP has shared, transferred, or otherwise provided access to Restricted Information within 30 days thereof. In order to facilitate the foregoing, ProjectCo LP will require its Subcontractors and/or representatives to provide this information to ProjectCo LP, as applicable, within the required period, and ProjectCo LP will promptly provide such information to the Operator within the required period in order to permit the Operator to comply with this Section 18.6(d)(iv).
- (v) The phrase “through the Operator to ProjectCo LP” is intended to cover ProjectCo LP, in their capacity as contractual counterparties to the Operator and in connection with the Facility and the Services, receiving Restricted Information during phone calls, in-person meetings, or electronic exchanges, including electronic technical collaboration sites to which access is controlled by the Operator.
- (e) The obligations of the Parties under this Section 18.6 will survive any termination or expiration of this Agreement.

18.7 Canadian Import and Export Controls

- (a) In addition to the obligations in Section 18.6, the Operator will:
 - (i) apply for, obtain, maintain and comply with all Permits required under Canadian Applicable Law with respect to the import into, export from, possess in or transfer in Canada of any Nuclear Substance, equipment or

information related to the Facility by the Operator and/or any of its Affiliates (“**Canadian Control Permits**”);

- (ii) ensure that each the Operator’s Subcontractors or any other Person (except for the Operator or any of its Affiliates) that directly or indirectly will receive in, import into, export from, possess in or transfer in Canada any Nuclear Substance, equipment or information related to the Facility either,
 - (A) are entitled due to an exemption or otherwise to rely on the Operator’s Canadian Control Permits for such purposes; or
 - (B) such Subcontractors or other Persons (except for the Operator or any of its Affiliates) that directly or indirectly will receive in, import into, export from, possess in or transfer in Canada any Nuclear Substance, equipment or information related to the Facility has obtained, maintained and complied with all necessary Permits for such reception, import, export, possession or transfer and such Permits do not contain reporting obligations beyond those in the Canadian Control Permits held by the Parties; and
- (iii) cooperate with ProjectCo LP, to the extent necessary, to ensure ProjectCo LP’s compliance with the reporting obligations under its Canadian Control Permits.

18.8 Compliance with the IPA

The Parties acknowledge that certain Confidential Information is also subject to the covenants, restrictions and obligations concerning the Handling of confidential information set forth in the IPA. With respect to such Confidential Information, the provisions of this Agreement are subject to the terms of the IPA and, in the event of any conflict between any provision of this Agreement and the IPA concerning such Confidential Information, the provisions of the IPA shall prevail.

ARTICLE 19 NOTICES

19.1 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by e-mail or by delivery as hereafter provided. Any such notice or other communication will be deemed to have been received (i) if transmitted by e-mail before 5:00 pm (Toronto time) on a Business Day, on the date of such transmission and if not transmitted before such time, the next Business Day and (ii) if delivered by hand, at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section 19.1. Notices and other communications will be addressed as follows:

(a) if to OPG or the Operator:

Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

(b) if to ProjectCo LP:

c/o
Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any Party pursuant to or in connection with any arbitration procedures contained in the Dispute Resolution Procedure may only be delivered by hand.

The failure to send or deliver a copy of a notice or other communication to a Party's counsel, as the case may be, shall not invalidate such notice or other communication given under this Section 19.1.

ARTICLE 20

GENERAL PROVISIONS

20.1 Time of the Essence

Time is of the essence of this Agreement, provided that the Parties agree that this Agreement may not be terminated other than in accordance with Section 14.1.

20.2 Third Party Beneficiaries

- (a) Except as provided in this Section 20.2, this Agreement is for the sole benefit of the Parties and nothing herein, express or implied, is intended to or shall confer upon any other Person, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- (b) It is the intention of ProjectCo LP to constitute OPG as a trustee for the Operator Indemnitees and OPG's Connected Persons not a party to this Agreement of the obligations, covenants, acknowledgements, waivers and releases of ProjectCo LP (on behalf of itself, its Connected Persons and/or the ProjectCo LP Indemnitees) to the benefit of the Operator Indemnitees and OPG's Connected Persons under this Agreement, and OPG agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.
- (c) It is the intention of OPG to constitute ProjectCo LP as a trustee for the ProjectCo LP Indemnitees and ProjectCo LP's Connected Persons not a party to this Agreement of the obligations, covenants, acknowledgements, waivers and releases of OPG (on behalf of itself, its Connected Persons and/or the Operator Indemnitees) to the benefit of the ProjectCo LP Indemnitees and ProjectCo LP's Connected Persons under this Agreement, and ProjectCo LP agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.

20.3 Governing Law

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without giving

effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Province of Ontario.

- (b) All Disputes are to be determined in accordance with Article 16. Except as otherwise provided in Article 16, each of the Parties acknowledges and agrees it has elected to submit to a court of competent jurisdiction in the Province of Ontario and each Party hereto irrevocably and unconditionally attorns and submits to the jurisdiction of such courts. Each Party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to the bringing of any such Proceeding in any such court, including any objection that the place where such court is located is a forum *non conveniens* or that there is any other Proceeding in any other place relating in whole or in part to the same subject matter. Each Party hereto agrees that any judgment or order in any such Proceeding brought in such a court shall be conclusive and binding upon it and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a Proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders, provided that service of any required process is effected upon it in the manner specified in Section 19.1 or as otherwise permitted by Applicable Laws.
- (c) The Parties confirm that it is their express wish that this Agreement, as well as any other documents relating to this Agreement, including Notices, Schedules and authorizations, have been and will be drawn in the English language only. *Les parties aux présentes confirment leur volonté expresse que cette convention, de même que tous les documents s'y rattachant, y compris tous avis, annexes, pièces et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

20.4 Entire Agreement

The Facility Documents constitute the entire agreement between the Parties pertaining to the subject matter of the Facility Documents and supersede all other prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. There are no warranties, conditions, or representations (including negligent misrepresentations and any that may be implied by statute) and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in the Facility Documents. No reliance is placed on any warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into the Facility Documents by any Party or any of its Representatives, to the other Party or any of its Representatives, except to the extent that the same has been reduced to writing and included as a term of the Facility Documents and no Party has been induced to enter into the Facility Documents or any amendment or supplement by reason of any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact. Accordingly, there shall be no liability, whether at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation),

warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, assessed in relation to any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.

20.5 Amendment and Modification

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

20.6 Waiver

No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

20.7 Further Assurances

Each Party will promptly do, take, execute or deliver or cause to be done, taken, executed or delivered all such further acts, steps, deeds, documents, assurances and things as the other Party may reasonably require from time to time for the purpose of giving effect to this Agreement and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

20.8 Limited Liability of Partners

OPG acknowledges and agrees that (a) ProjectCo LP is a limited partnership formed under the laws of the Province of Ontario, the general partners of which are (i) FinanceCo LP, and (ii) ProjectCo GP; and (b) in the event of any Claim in connection with this Agreement, in no event will OPG have any recourse against the assets of any Person (including a general partner or limited partner of ProjectCo LP or any current or former Representative thereof), other than recourse against the assets of ProjectCo LP itself and the assets of ProjectCo GP.

20.9 Waiver of Sovereign Immunity

Any Party that has a right to claim sovereign immunity for itself or any of its assets hereby waives any such immunity to the fullest extent permitted by Applicable Laws. This waiver includes immunity from: (a) any expert determination, or arbitration proceedings commenced pursuant to this Agreement; (b) any judicial, administrative or other proceedings to aid the expert determination or arbitration commenced pursuant to this Agreement; and (c) any effort to confirm, enforce or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from an arbitration or any judicial or administrative proceedings commenced pursuant to this Agreement. Each Party acknowledges that its rights and obligations hereunder are of a commercial nature and not a governmental nature.

The Parties acknowledge and agree that, as of the Effective Date, OPG does not have the right to claim sovereign immunity for itself or any of its assets under Applicable Laws.

20.10 Successors and Assigns

This Agreement will be binding upon and enure to the benefit of the Parties and, to the extent permitted hereunder, their respective successors and assigns.

20.11 Counterparts

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized officer or officers as of the date first written above.

**DNNP LP, by its managing general partner,
 DNNP GP INC.**

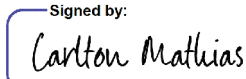
By:  Signed by:

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 Name: James Brewer
 Title: President

ONTARIO POWER GENERATION INC.

By:  Signed by:

ED3AB8197958429...
 Name: Aida Cipolla
 Title: Chief Financial Officer &
 Chief Administrative Officer

By:  Signed by:

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 Name: Carlton Mathias
 Title: Chief Legal, ESG and
 Governance Officer

SCHEDULE A

SERVICES

ProjectCo LP will retain the Operator to provide all of the operations, maintenance, management and administrative services (other than those provided under the Project Management Agreement, the IESO Payments Agreement or the Lease Agreement, while in effect and except with respect to any Related Party Claim and the exercise of any rights set forth in Exhibit E-1 of Schedule E), as may be necessary or advisable for ProjectCo LP to carry on its business, including:

1. **Post-Commercial Operation Operating and Maintenance Services** – the Operator will provide the following Services from and after the Commercial Operation Date in respect of Unit 1:
 - (a) Conducting the operation and dispatch of the Facility, including price and quantity of offers into the IESO-Administered Markets, administering revenue collection tied to Facility output (including collecting revenue received by OPG from the IESO on account of or in respect of ProjectCo LP or the Facility to which ProjectCo LP is entitled) and settling amounts owing to the IESO from time to time to the extent not satisfied by the IESO by set off against revenue payable to ProjectCo LP (provided that Operator may commence providing this Service prior to the Commercial Operation Date in respect of Unit 1 to the extent ProjectCo LP is eligible to receive payment amounts from the IESO during such period in respect of the Facility).
 - (b) Interfacing with all Governmental Authorities as may be required in respect of the day-to-day operational functions of the Facility.
 - (c) Performing maintenance services for the Facility, including activities related to preventive, elective, and corrective maintenance of structures, systems, or components to address material condition issues, maintain equipment reliability, and optimize equipment life.
 - (d) Performing outage-related services (e.g., determining the timing of Outages subject to required IESO approval and planning and completing work with respect thereto).
 - (e) Coordinating elements of the Services to be provided by Operator Parties.
 - (f) Developing Nuclear Fuel Procurement Plans, procuring Nuclear Fuel in Operator's own capacity (and not as an agent and nominee for ProjectCo LP), including the fuel assemblies required for commissioning, and maintain associated carry inventory or safety stock (provided that Operator may commence providing this Service prior to the Commercial Operation Date).
 - (g) Procuring and making available as necessary the materials, equipment, goods, consumables, licences, Intellectual Property Rights, and any other service from any Person to perform the Services.
 - (h) Performing all procurement activities, approving commercial terms, and managing all vendor contracts in respect of the Facility.

- (i) Taking actions required to keep the Facility, ProjectCo LP and ProjectCo GP, free of Encumbrances.
- (j) Performing the Services contemplated by Section 5.1(b) of this Agreement, including, (i) performing the Tenant Nuclear Waste Scope, (ii) enforcing the rights and remedies of ProjectCo LP and ProjectCo GP under the Contracts to which they are party, and (iii) managing cash flow of ProjectCo LP to avoid a default of ProjectCo LP's payment obligations under the foregoing Contracts, except to the extent of the payment of an amount is disputed in accordance with the applicable Contract, and (iv) obtaining any assignments from ProjectCo LP and any counterparty to any Project Agreement to all of such Person's right, title and interest in and to any Developed IP to the Licensor as contemplated by Section 13.1.
- (k) Pursue, defend and/or settle Claims or Proceedings involving the Facility, ProjectCo LP, or ProjectCo GP including initiating and prosecuting and responding to reviews, disagreements, investigations and disputes with the IESO concerning the settlement amounts in respect of output generated by the Facility, other than a Related Party Claim.
- (l) Taking any actions required for ProjectCo LP to comply with its end of term handback obligations under the Lease Agreement.
- (m) Meeting all commitments, to the extent applicable to the Operator, under the DNNP Commitments Report.
- (n) Provide site security and emergency preparedness services, including evacuation and fire coordination, and control of the exclusion zone and compliance with the requirements of the Provincial Nuclear Emergency Response Plan.
- (o) Performing all environmental and radiation monitoring and operating and maintaining all remote environmental and radiation monitoring systems in respect of the Facility in accordance with Applicable Laws.
- (p) Taking actions required for lifecycle asset management including equipment condition monitoring, technical and engineering evaluations, spares inventory management, and long-term maintenance strategy development.
- (q) Taking actions to maintain nuclear and conventional safety and to protect the health and safety of the public, workers, environment and property in respect of Facility, in accordance with Applicable Laws.
- (r) Identifying, prioritizing, planning, scheduling and executing capital improvements to the Facility in accordance with Section 5.10 of this Agreement.
- (s) Providing site and facility management services including building, grounds and motorized vehicle maintenance and repair, utilities, and workspace management.

2. **Administrative and Business Support Services** – the Operator will provide the following Services throughout the Term:

- (a) Performing treasury activities in support of ProjectCo LP's business, operational and financial objectives, within applicable legal and regulatory requirements, which may include: (i) banking, cash liquidity management services and foreign currency management required to manage the day-to-day operation of ProjectCo LP and (ii) providing short term revolving credit facilities to manage timing differences in any cash flows of ProjectCo LP.
- (b) At the request of any ProjectCo LP partner, assisting with: (i) the direct or indirect sale by such ProjectCo LP partner of their interests in ProjectCo LP and ProjectCo GP; and (ii) any direct or indirect financing activities undertaken by any ProjectCo LP partner or its Affiliates in respect of its interest in ProjectCo LP and ProjectCo GP.
- (c) Preparing Proposed Rate Period Business Plans, Proposed Intra Rate Period Business Plans, Proposed Annual OM&A Base Budgets, Proposed Annual Planned Outage OM&A Budgets, Proposed Annual Post-COD CapEx Budgets, and the reports contemplated in Section 5.6 of the Agreement.
- (d) Preparing the financial statements and other reports required to be prepared by ProjectCo GP and delivered to the Shareholders or the partners of ProjectCo LP pursuant to the Governing Documents of ProjectCo GP and ProjectCo LP.
- (e) Providing information to the current and former partners of ProjectCo LP to support the preparation of such current and former partners' Canadian federal and provincial tax returns pursuant to the Governing Documents of ProjectCo LP and ProjectCo GP.
- (f) Providing accounting and financial services, including but not limited to the preparation of journal entries, account reconciliations and audit working papers, processing invoices, accruals and remittances, implementing internal controls, fulfilling all obligations of ProjectCo LP under Applicable Laws, providing controllership, financial planning and analysis functions, and other related services as required.
- (g) The services required to be performed by Agent under the IESO Payments Agreement upon termination of the IESO Payments Agreement, including, receiving revenue and collecting funds from the IESO, on behalf of ProjectCo LP and diligently disputing and pursuing the rectification of any IESO payment errors.
- (h) Maintaining Corporate Records.
- (i) Upon termination of the IESO Payments Agreement in accordance with the terms thereof, the services necessary to facilitate payment to ProjectCo LP of all amounts payable by the IESO on account of the Facility, including by requesting that the IESO pay such amounts directly to ProjectCo LP.
- (j) Procuring, developing and maintaining information technology systems, infrastructure and Software, and providing information technology and related services such as data management, end-user computing and cyber security protection.
- (k) Carrying out oversight, risk management, assurance, and performance improvement activities in support of ProjectCo LP's business, operational and financial objectives.

- (l) Sustaining relationships with Indigenous Groups throughout the lifecycle of the Facility, including entering into capacity funding arrangements with Indigenous Groups and providing capacity funding for Indigenous Groups, in each case, to the extent related to such Indigenous Groups' involvement or interest in the development, permitting, licensing, construction, management, operation, maintenance, modification, improvement, repair and administration of the Facility.
- (m) Sustaining community relationships (including with the municipality of Clarington) and implementing and managing applicable local benefit programs, economic development communications and public communication throughout the lifecycle of the Facility.
- (n) Causing ProjectCo LP and ProjectCo GP to comply with their respective obligations under the Facility Documents, the Governing Documents of ProjectCo LP and ProjectCo GP, the OPG ECA, the equity commitment agreements, as amended, entered into on September 17, 2025 by OPG with each of: (i) Building Ontario Fund, (ii) Renaissance Power 2025-1 Inc. and Canada Growth Fund Inc., and (iii) Renaissance Power 2025-2 Inc. and Canada Growth Fund Inc., including (A) enforcing the rights and remedies of ProjectCo LP and ProjectCo GP under the foregoing Contracts, (B) providing all notices, materials and documentation received by the Operator in connection with the foregoing Contracts to ProjectCo LP, and (C) managing cash flow of ProjectCo LP to avoid a default of ProjectCo LP's payment obligations under the foregoing Contracts, except to the extent of the payment of an amount is disputed in accordance with the applicable Contract, and (D) obtaining any assignments from ProjectCo LP's Representatives and any counterparty to any Project Agreement to all of such Person's right, title and interest in and to any Developed IP to the Licensor as contemplated by Section 13.1.
- (o) Engaging with industry associations such as WANO and the Institute of Nuclear Power Operations.
- (p) Preparing and issuing press releases, and carrying out outreach activities, relating to the construction, permitting and/or operation of Facility, in each case to the extent such press release or outreach activities would not reasonably be expected to result in adverse reputational or financial consequences for ProjectCo GP or its Shareholders or ProjectCo LP or its partners.
- (q) Providing legal, governance and other back office, administrative and business support services, as required, for ProjectCo LP and ProjectCo GP.

3. **OEB Related Services** – the Operator will provide the following Services throughout the Term:

- (a) Obtaining and maintaining the OEB generation licence.
- (b) Filing and defending Rebasing Applications with the OEB on behalf of ProjectCo LP. The scope of services provided in any Rebasing Application may vary, but will typically include:
 - (i) filing pre-filed evidence;

- (ii) responding to interrogatories;
 - (iii) putting forth witnesses for examination in technical conferences and oral hearings;
 - (iv) representing ProjectCo LP at settlement conferences;
 - (v) preparing and submitting arguments; and
 - (vi) implementing OEB decisions, including in drafting payment amount orders.
- (c) Filing and defending deferral and variance account clearance applications and other OEB Applications as necessary.
4. **CNSC Licencing Activities** – the Operator will provide the following Service throughout the Term:
- (a) Obtaining and maintaining all required CNSC Licences.
 - (b) Continuing as the licenced operator accountable for safe and compliant operations under the terms of all CNSC Licences.
 - (c) Maintaining the safety case and implementing conditions for operations under the CNSC Licences, including performing required reporting and safety updates and hosting inspections/audits.
 - (d) Managing and performing all activities (including any Proceedings) in connection with Export Control Regulations related to the operation and maintenance of the Facility and the provision of the Services.
5. **Exclusions from the Services** – The following services and obligations do not form part of the Services:
- (a) The obligations of, and services to be performed by, the Project Manager under the IPA, except as specifically provided otherwise.
 - (b) The obligations of the Landlord under the Lease Agreement, including the Decommissioning Obligations and Nuclear Waste Management Obligations.

SCHEDULE B

INSURANCE REQUIREMENTS

#	Line Coverage of	Minimum Material Limit Structure*	Maximum Material Deductible/Retention Structure**
1.	<u>Commercial General Liability</u>	██████████ per occurrence (primary and umbrella or excess liability policies could be in place to evidence such limit)	██████████ per occurrence
2.	<u>Auto Liability</u>	██████████	Not applicable
3.	<u>D&O</u>	██████████ per occurrence	██████████ per occurrence
4.	<u>Cyber</u>	██████████ per event	██████████ per event
5.	<u>Fiduciary</u>	██████████ per occurrence	██████████ per occurrence
6.	<u>Nuclear Property Damage</u> <u>Subject to commercial availability</u> (Shared policy between ProjectCo LP and OPG) <u>Nuclear property coverage will be purchased for DNNP to be effective as of fueling of the reactor is initiated.</u>	Subject to commercial availability - ██████████ per occurrence and in aggregate - Sublimit for Business Interruption equal to ██████████ per day.	██████████ for physical damage and 90 to 150 days waiting period for Business Interruption

7.	<u>Nuclear Liability</u>	The NLCA requires all operators of nuclear generating stations in Canada to maintain specified amounts of nuclear liability insurance. The Operator will be required to purchase appropriate amount of nuclear liability insurance as mandated in NLCA (anticipated, as of the Effective Date, to be required upon receipt of the CNSC operating licence for the Facility).	Not applicable

* Where a range is provided for a limit, the high end of the range will be the target limit to be procured, provided such limit is available on commercially reasonable terms. The low end of the range will be the minimum procured limit, unless such limit is not commercially available.

** Where a range is provided for a deductible, the low end of the range will be the target deductible to be procured, provided such deductible is available on commercially reasonable terms. The high end of the range will be the maximum deductible applicable, unless such is not commercially available.

SCHEDULE C

DISPUTE RESOLUTION PROCEDURE

DEFINITIONS

1. In this Schedule C, capitalized terms not otherwise defined in this Schedule C will have their respective meanings as set forth in the ADRIC Rules (as defined below) or the Agreement, as applicable, and the following capitalized terms have the meanings given below:
 - (a) **“ADRIC Rules”** means the ADR Institute of Canada, Inc. Arbitration Rules applicable to the arbitration pursuant to paragraph 2;
 - (b) **“Answer to the Notice of Arbitration”** means the response to a Notice of Arbitration to be provided by the Respondent(s) in accordance with the ADRIC Rules;
 - (c) **“Arbitrator”** means the arbitrator appointed pursuant to paragraph 12;
 - (d) **“Claimant”** means any Party that commences an arbitration pursuant to paragraph 7;
 - (e) **“Consolidation Arbitrator”** has the meaning attributed thereto in paragraph 17(b);
 - (f) **“Hearing”** means the hearing on the merits of the Dispute;
 - (g) **“Notice of Arbitration”** means the written notice a Claimant delivers to each of the Respondents in accordance with the ADRIC Rules to commence an arbitration pursuant to paragraph 7;
 - (h) **“Objection”** means the Respondent(s)’ objection to the Claimant’s Arbitrator nominee pursuant to paragraph 12;
 - (i) **“paragraph”** means a paragraph of this Schedule C;
 - (j) **“Party”** means a party to a Dispute and **“Parties”** means the parties to the Dispute;
 - (k) **“Respondent”** means a Party who is not the Claimant, and the term **“Respondents”** shall, where there is only one Respondent, refer to that Respondent;
 - (l) **“Senior Leaders Meeting”** has the meaning attributed thereto in paragraph 10; and
 - (m) **“Tribunal”** means the three arbitrators appointed pursuant to paragraph 12.

GENERAL

2. All Disputes which are to be determined according to the terms of this Schedule C pursuant to Article 16 of the Agreement shall be resolved by final and binding arbitration under the ADR Institute of Canada, Inc. Arbitration Rules (the “**ADRIC Rules**”) in force at the time that the Notice of Arbitration is served, except to the extent that the ADRIC Rules are modified by the provisions of the Agreement or this Schedule C.
3. The seat of the arbitration shall be Toronto, Ontario.
4. The language of the arbitration shall be the English language.
5. All Hearings shall be conducted in Toronto, Ontario. Case conferences shall be held virtually, unless the Parties agree otherwise or the Arbitrator or Tribunal orders a case conference in person. Any case conference or Hearing, or portion thereof, may be held virtually if agreed by the Parties or so decided by the Arbitrator or Tribunal.
6. All notices or other communications required or permitted to be given under this Schedule C to a Party shall be given in the manner specified in Article 19 of the Agreement. All notices or other communications and all other documents required or permitted by this Schedule C to be given by the Parties to the Arbitrator or Tribunal shall be given in accordance with the Arbitrator’s or Tribunal’s instructions.

COMMENCEMENT OF ARBITRATION AND ESCALATION MECHANISM

7. A Party shall commence an arbitration as Claimant by delivering a written notice of arbitration (the “**Notice of Arbitration**”) to each Respondent in accordance with the ADRIC Rules.
8. A Party may deliver a single Notice of Arbitration and commence a single arbitration with respect to a Dispute or Disputes arising out of, or relating to, more than one of the Facility Documents, regardless of whether the Dispute or Disputes under the separate Facility Documents are factually or legally related.
9. The Notice of Arbitration shall include the name of the person the Claimant nominates as an arbitrator. If there are two or more Claimants, they shall jointly nominate an arbitrator; if they are unable to agree on an arbitrator, any such Claimant may request ADRIC to nominate the arbitrator.
10. Within 30 days of service of the Notice of Arbitration, senior leaders of the Parties will meet at least once to discuss resolution of the dispute (a “**Senior Leaders Meeting**”). The arbitration shall be suspended during this 30-day period. Unless the Dispute has been resolved or the period for these discussions is extended by agreement of the Parties, once the 30 day period expires, the remaining arbitration procedures will continue. If a Party refuses to attend such a meeting, the remaining arbitration procedures will continue on expiry of the 30 day period set out in this paragraph.

11. The Respondent(s) shall serve an Answer to the Notice of Arbitration within 21 days after the date of expiry of the period for the Senior Leaders Meeting.

APPOINTMENT PROCEDURE

12. Where an arbitrator has been nominated by the Claimant(s) in its/their Notice of Arbitration, as provided for by paragraph 9, the arbitrator shall be appointed as the sole Arbitrator to resolve the Dispute unless, within 21 days after the period for Senior Leaders Meeting expires, by notice to the Claimant(s), a Respondent objects to the Claimant's/Claimants' appointee (the "**Objection**"). In the event of such an objection, the arbitration will be decided by a three-member tribunal (the "**Tribunal**") appointed as follows:
 - (a) the Claimant(s) will appoint a co-arbitrator within 10 days of the Objection. The Claimant(s) may appoint the same individual it/they originally nominated as the sole arbitrator as its/their co-arbitrator. If there are two or more Claimants, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Claimant may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (b) the Respondent(s) will appoint a co-arbitrator within 10 days of the Claimant(s)' arbitrator appointment. If there are two or more Respondents, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Respondent may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (c) the Parties will confer to jointly appoint a third arbitrator to chair the Tribunal within 10 days from the Respondent(s)' arbitrator appointment;
 - (d) if no agreement is reached by the Parties regarding appointment of the chair of the Tribunal within 10 days of the Respondent(s)' arbitrator appointment, unless the Parties agree to extend that timeline, the two Party-appointed arbitrators will appoint an arbitrator to chair the Tribunal within a further 10 days; and
 - (e) if no agreement is reached by the Party-appointed arbitrators regarding appointment of the chair of the Tribunal within the further 10 day period specified above, unless the Parties agree to extend that timeline, either Party may request ADRIC to appoint the chair of the Tribunal.

HEARING AND AWARD

13. The Hearing shall take place at a date, time and place fixed by the Arbitrator or Tribunal within 270 days of the appointment of the Arbitrator or Tribunal, or at such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

14. The Arbitrator's or Tribunal's award on the merits of the Dispute shall be delivered within 90 days of the conclusion of the Hearing, or by such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

CONFIDENTIALITY

15. The Parties desire that any Dispute should be conducted in strict confidence and that there shall be no disclosure to any Person of the existence of the Dispute or any aspect of the Dispute except as set out in this paragraph 15.

All matters relating to, all information and evidence presented in the course of, all submissions made in the course of, and all documents produced in accordance with a Proceeding under this Schedule C or any order of the Arbitrator or Tribunal or created in the course of or for the purposes of an arbitration, as well as any arbitral award, shall be kept confidential and shall not be disclosed to any Person except where such material constitutes Confidential Information under Section 18.1 of the Agreement and disclosure is permitted pursuant to Section 18.3(a) or Section 18.4(a) of the Agreement and except in the following circumstances, in which case the Parties also agree to use commercially reasonable efforts to try to obtain confidentiality orders or other confidentiality protections appropriate in the applicable context:

- (a) as is necessary for the resolution of the Dispute, as set out above in this paragraph 15;
 - (b) in connection with an application of a Party to set aside an arbitral award under section 46 of the Arbitration Act;
 - (c) as required to enforce an arbitral award;
 - (d) as required or permitted by Applicable Laws;
 - (e) by an order of an Arbitrator or Tribunal made pursuant to a motion or application on notice to all Parties; or
 - (f) for any other reason, with the prior written consent of all Parties, which reason may include such disclosure being required by a Party for pursuit or defence of a legal right or obligation (including with respect to Third Parties and Third Party Claims, as defined in the Agreement, or as required by a Party's insurer), in which case no Party shall unreasonably withhold or delay its consent.
16. The Parties acknowledge that certain information involved in or relevant to a Dispute may be considered DOE-Controlled Information (as defined in Section 18.6 of the Agreement) and they will establish appropriate information protocols in such event, including in relation to any discovery and production processes.

CONSOLIDATION AND JOINDER

17. The Parties agree that the Facility Documents are substantially related and that it is in the interests of justice and efficiency that Disputes under two or more of them be resolved by a single Arbitrator or Tribunal whenever possible. To this end, the Parties agree that:

- (a) In the event that two or more Disputes under any of the Facility Documents are not advanced in the same Notice of Arbitration, the Parties to the subject Disputes may, acting reasonably in view of the just and efficient resolution of the Disputes, consent to consolidate the separate arbitrations on such terms as they may agree. In the event that a Party proposes consolidation of a Dispute in connection with an asserted legal right or obligation of one or all of the Parties, whether or not related to the Facility Documents, the Parties may, in their discretion, agree to consolidation.
- (b) In the event that all of the Parties to the separate arbitrations do not consent to their consolidation, any Party to one of the subject arbitrations may serve a Notice of Arbitration to have the question of whether the subject arbitrations should be consolidated determined by final and binding arbitration by a sole arbitrator, who shall act as the consolidation arbitrator (“**Consolidation Arbitrator**”). The Parties to the subject arbitrations will agree on who shall serve as Consolidation Arbitrator. If the relevant Parties are unable to agree on the Consolidation Arbitrator, any such Party may request ADRIIC to appoint the Consolidation Arbitrator. Paragraphs 3 to 6 shall apply to any Proceeding under this paragraph 17(b). Any Proceeding conducted by a Consolidation Arbitrator so appointed shall occur under ADRIIC’s Expedited/Simplified Procedure unless otherwise agreed by the Parties to such Proceeding. The Consolidation Arbitrator shall determine whether the separate arbitrations should be consolidated in whole or in part based on what is just and efficient, taking into account, among other things, the identities of the Parties to the separate arbitrations, the degree to which the factual and legal issues raised in two arbitrations are interconnected, the degree to which the two arbitrations are at different procedural stages, any interest in avoiding a multiplicity of proceedings and inconsistent results and the relevant Parties’ confidentiality concerns, if any. The jurisdiction of the Consolidation Arbitrator appointed under this paragraph 17(b) shall be limited to determining whether to consolidate the separate arbitrations and any decisions related to the practical implementation of such consolidation. In the event consolidation is ordered, unless otherwise agreed, the relevant Parties shall appoint the Arbitrator or constitute the Tribunal in accordance with paragraph 12, subject to reasonable adjustments as required by the consolidated arbitration. For clarity, any Party may appoint any Arbitrator or any Tribunal member who had been appointed in any of the separate arbitrations, or the Consolidation Arbitrator, to sit as Arbitrator or Tribunal member for the consolidated arbitration. To the extent that two or more arbitrations are consolidated which are at different procedural stages, the Arbitrator or Tribunal shall hold a case conference to discuss adjustments to the procedural calendar in order to preserve the steps that had already been taken in any existing arbitration and avoid waste to the extent possible, while enabling any additional filings

required to avoid causing a Party prejudice. No arbitration shall be consolidated with another, without the Parties' consent, if the final exchange of evidence has occurred in the liability phase of the arbitration.

18. If separate arbitrations are consolidated in accordance with paragraphs 17(a) or 17(b), each party to the consolidated arbitration is deemed to have consented to such consolidation and shall be bound any award, decision or order of a Consolidation Arbitrator under paragraph 17(b).
19. If any Arbitrator was appointed or Tribunal constituted in an arbitration that is subsequently consolidated with another arbitration under paragraph 17 and the consolidation will result in the appointment of a new and different Arbitrator or Tribunal, the appointment of the former Arbitrators or Tribunals shall terminate upon the consolidation and they shall be deemed to be *functus officio*. Such termination shall be without prejudice to the date when any claim or defence was raised for the purpose of applying any limitation bar or any like rule or provision.

SCHEDULE D

ENUMERATED CONDITIONS

“Enumerated Conditions” means any of the following conditions, events or circumstances:

1. any difference between the Project CPI or other measure of inflation assumed in a Approved Business Plan, Annual OM&A Base Cost Rate Period Forecast, Annual Planned Outage OM&A Cost Rate Period Forecast, Approved Annual OM&A Base Budget, Approved Annual Planned Outage OM&A Budget or Approved Annual Post-COD CapEx Budget (each, a **“Plan”**, **“Forecast”** or **“Budget”**, as applicable, for purposes of this definition only), as applicable, and the actual Project CPI or other applicable measure of inflation at a given time;
2. any action taken or cost incurred or paid by the Operator or the Project Manager as required to comply with Applicable Law where such action or cost was not contemplated in a Plan, Forecast or Budget, as applicable;
3. any difference between the foreign exchange rates assumed in a Plan, Forecast or Budget, as applicable, and the actual foreign exchange rates at a given time;
4. any difference between the terms of collective agreements applicable to unionized employees of OPG (or its Affiliates) assumed in a Plan, Forecast or Budget, as applicable, and the actual terms of collective agreements applicable to such employees at a given time;
5. the occurrence of an Unplanned Outage, or forced derating or forced curtailment of a Unit;
6. the occurrence of an event of Force Majeure or an Emergency Event;
7. any strike, lockout, work-to-rule, or other labour-related action, including blockade;
8. any difference between the pension and other post-employment benefit costs and obligations assumed in a Plan, Forecast or Budget, as applicable, and the actual amount of such costs and obligations at a given time;
9. any difference between the premiums, expenses, deductibles, self-insured retentions or other costs of insurance assumed in a Plan, Forecast or Budget, as applicable, and the actual amount of such costs at a given time; and
10. any difference between the amounts payable by ProjectCo GP or ProjectCo LP pursuant to the Lease Agreement and the IESO Payments Agreement assumed in a Plan, Forecast or Budget, as applicable, and such actual amounts payable at a given time.

SCHEDULE E

RESTRICTED ACTIONS

Budgetary Matters

1. The incurrence of OM&A Base Costs, on an aggregate basis, in a Fiscal Year in excess of 110% of the applicable Approved Annual OM&A Base Budget, excluding for this purpose any OM&A Base Costs resulting from any of the Enumerated Conditions that were not already included in the Approved Annual OM&A Base Budget.
2. The incurrence of OM&A Base Costs, on an aggregate basis, in a Fiscal Year in excess of 120% of the applicable Approved Annual OM&A Base Budget, excluding for this purpose any OM&A Base Costs resulting from any of the Enumerated Conditions that were not already included in the Approved Annual OM&A Base Budget.
3. The incurrence of Planned Outage OM&A Costs, on an aggregate basis, in a Fiscal Year in excess of 110% of the applicable Approved Annual Planned Outage OM&A Budget, excluding for this purpose any Planned Outage OM&A Costs resulting from any of the Enumerated Conditions that were not already included in the Approved Annual Planned Outage OM&A Budget or to account for changes in the assumed timing of any Planned Outage.
4. The incurrence of Planned Outage OM&A Costs, on an aggregate basis, in a Fiscal Year in excess of 120% of the applicable Approved Annual Planned Outage OM&A Budget, excluding for this purpose any Planned Outage OM&A Costs resulting from any of the Enumerated Conditions that were not already included in the Approved Annual Planned Outage OM&A Budget or to account for changes in the assumed timing of any Planned Outage.
5. Proceeding with the planning, definition or execution of a Large Capital Project.
6. The incurrence of Post-COD CapEx Costs in excess of 1% of ProjectCo LP's then-current Rate Base in any calendar year (other than in the face of an ongoing Force Majeure or an Emergency Event) in respect of which the Operator has advised that it does not expect to seek OEB Cost Recovery in accordance with this Agreement.
7. The incurrence of Post-COD CapEx Costs described in a Notice delivered to ProjectCo LP by the Operator pursuant to Section 5.10(e).
8. Adopting a Hedging Strategy or, once adopted, making any material changes thereto.

Claims and Proceedings

9. Claims
 - (a) Subject to Section 9(c) of this Schedule E, pursue any Claim for and on behalf of ProjectCo GP or ProjectCo LP against another Person involving money damages

in excess of (x) \$50,000,000 multiplied by (y) the Project CPI Adjustment Factor at the time of determination or settle any such Claim for an amount less than 50% of the amount of money damages claimed, in each case excluding any Claims arising under a Related Party Contract.

- (b) Subject to Section 9(c) of this Schedule E, settle any Claim by another Person against ProjectCo GP or ProjectCo LP involving (i) non-monetary remedies that would have a material and adverse impact on the Partnership Business, or (ii) the payment by ProjectCo GP or ProjectCo LP of money damages in excess of (x) \$50,000,000 multiplied by (y) the Project CPI Adjustment Factor at such time, in each case excluding any Claims arising under a Related Party Contract.
 - (c) Notwithstanding Section 9(a) and Section 9(b) of this Schedule E but subject to Section 10 of this Schedule E, any Claim that is made by or against ProjectCo GP or ProjectCo LP under the IPA, or that involves or is before the IESO, the OEB, the CNSC or involves any Permit held by the Operator or the Project Manager, shall not constitute a Restricted Matter for the purposes of this Agreement.
10. The submission of an OEB Application, the entering into a settlement in respect of any such application or the commencement of a review or an appeal of any order and decision of the OEB in respect of any such application or otherwise in respect of the Facility.

Contracting and Acquisition of Assets

- 11. Entering into, or the Operator entering into, as agent and nominee of or in the name of and on behalf of, ProjectCo LP, any Contract (other than a Contract, the costs, charges or expenditures of which constitute DNNP Costs) having an expected aggregate value over the term of the Contract in excess of an amount equal to (i) \$50,000,000 multiplied by (ii) the Project CPI Adjustment Factor at such time that the Contract is entered into.
- 12. Acquiring or disposing of assets in any one transaction or series of related transactions having a value in excess of the amount equal to (i) \$50,000,000 multiplied by (ii) the Project CPI Adjustment Factor at such time, other than: (a) acquisitions of assets as a result of incurring the DNNP Costs, (b) purchase or use of inventory or consumables in the ordinary course of business, or (c) acquisitions of assets as a result of incurring Post-COD CapEx Costs.
- 13. Entering into, as agent and nominee of or in the name of and on behalf of, ProjectCo LP, any partnership agreement, shareholders agreement or joint venture agreement with any other Person (including, once entered into, any termination thereof or material changes thereto).
- 14. Granting, as agent and nominee of or in the name of and on behalf of, ProjectCo LP, a guarantee or indemnity in favour of one Person in respect of the obligations of another Person (other than ProjectCo GP or ProjectCo LP).

15. Entering into, as agent and nominee of or in the name of and on behalf of, ProjectCo LP, a capacity funding agreement or any other agreement with an Indigenous Group (including, once entered into, any termination thereof or material changes thereto).
16. The Operator entering into any Related Party Contract, or amending, terminating, granting any consent or exercising or waiving of any rights or remedies under a Related Party Contract.
17. Granting any of the consents or exercising any of the rights set forth in Exhibit E-1 to this Schedule E.

Statements and Communications

18. Making any public statement or communication by or on behalf of ProjectCo GP or ProjectCo LP that could, in the determination of the Operator, reasonably be expected to have a material adverse impact on the business, operations, financial condition, reputation, or prospects of ProjectCo GP, ProjectCo LP, any partner of ProjectCo LP, or any Shareholder, other than any public statement or communication concerning the Leased Premises which needs to be made or communicated urgently to address an Emergency Event.

Administrative Actions in respect of ProjectCo LP and ProjectCo GP

19. Amending or modifying the Governing Documents of the ProjectCo LP, ProjectCo GP or any Subsidiary thereof, unless such amendment or modification does not require the approval of ProjectCo LP or ProjectCo GP in accordance with the terms of the relevant Governing Document(s).
20. Amalgamate, merge, or otherwise combine ProjectCo LP, ProjectCo GP or any Subsidiary thereof with any other Person.
21. Dissolve, wind-up or liquidate ProjectCo LP, ProjectCo GP, or any Subsidiary thereof, or initiate an Insolvency Event involving ProjectCo LP, ProjectCo GP, or any Subsidiary thereof.
22. Make or approve any material change to the nature of the Partnership Business or the business of ProjectCo GP that would result in the Partnership Business or the business of ProjectCo GP to be no longer exclusively related to the Facility Purposes in respect of the Facility.
23. Change the auditor of ProjectCo LP or ProjectCo GP, unless the auditor of ProjectCo LP or ProjectCo GP is being changed to mirror a change of OPG's auditor.
24. Form a new Subsidiary of ProjectCo LP or ProjectCo GP.
25. Authorize any subscription by ProjectCo LP or ProjectCo GP for Equity Interests in any other Person other than the existing Shareholders and partners of ProjectCo LP.

26. The entry into, amendment of, or termination of any Contract in respect of Equity Interests in any other Person held by ProjectCo LP or ProjectCo GP.
27. The exercise of rights of ProjectCo LP or ProjectCo GP in respect of Equity Interests in any other Person held by ProjectCo LP or ProjectCo GP, including pursuant to any Contract to which ProjectCo GP is a party that governs the holding of Equity Interests in any other Person, including the granting of consents, the waiving of rights or the exercise of remedies thereunder.

Financing Matters

28. Engaging a financial advisor or rating agency in connection with a debt financing market check.
29. Entering into any debt financing arrangement to be provided to ProjectCo LP or ProjectCo GP, including any Project Financing (including, for clarity, the material terms of the definitive agreements in respect thereof), or prepaying any Indebtedness owing under any such debt financing arrangement, in each case other than any conditional sale or title retention arrangement where the collateral granted by ProjectCo LP or ProjectCo GP under such arrangement is exclusively the Financed Equipment (as defined in the Lease Agreement) to which such arrangement relates.
30. Create, assume, guarantee, refinance or prepay any Indebtedness, or grant a mortgage, charge, pledge, encumbrance, security interest or lien over ProjectCo LP or ProjectCo GP or any of their respective assets in connection with any such Indebtedness.

Intellectual Property Matters

31. Licensing, sublicensing, or disposition on behalf of ProjectCo LP or ProjectCo GP of any Intellectual Property Rights of ProjectCo LP or ProjectCo GP, other than (i) as contemplated by any of the Facility Documents, or (ii) where such licensing, sublicensing or disposition is otherwise done in the ordinary course of business.

Employment Matters

32. The hiring of any employee of ProjectCo LP or ProjectCo GP.

EXHIBIT E-1

SPECIFIED FACILITY DOCUMENT RELATED PARTY DECISIONS

General

Section	ProjectCo LP Consent or Right Under the Facility Documents
1.1 (Lease Agreement, MOMA, Project Management Agreement) [“Financial Capacity Requirements”]	
1.1 (Lease Agreement, MOMA, Project Management Agreement) [“Rating Agencies”]	Accepting any other reputable rating agency as contemplated by the definition of “Rating Agencies” and “Rating Agency” in the Lease Agreement, this Agreement or the Project Management Agreement.
1.1 (Lease Agreement, MOMA, Project Management Agreement) [“Tangible Net Worth”]	Accepting the terms of any guarantee, equity or funding commitment or other credit support as contemplated by the definition of “Tangible Net Worth” in the Lease Agreement, this Agreement or the Project Management Agreement.
10.1(a) (IESO Payments Agreement); 12.1.1 (Lease Agreement); 7.11(a) (IP Rights Agreement); 15.1 (MOMA); and 15.1 (Project Management Agreement) [Assignment by OPG]	Providing the consent contemplated by the lead-in language of section 10.1(a) of the IESO Payments Agreement, section 12.1.1 of the Lease Agreement, Section 15.1 of this Agreement or section 15.1 of the Project Management Agreement, or the consent contemplated by section 7.11(a) of the IP Rights Agreement.

IESO Payments Agreement

Section of the IESO Payments Agreement	ProjectCo LP Consent or Right Under the IESO Payments Agreement
3.4 [No Subcontracting]	Providing the consent contemplated by section 3.4 of the IESO Payments Agreement.
5.7(b) [Settlement of Allocated Revenue]	Providing the consent contemplated by section 5.7(b) of the IESO Payments Agreement.
5.8 [Payment Error by the Agent]	Exercising the right to deliver a “Payment Error Notice”, and to resolve the error contemplated thereby with Agent, as contemplated by section 5.8 of the IESO Payments Agreement.
5.10 [Audit Rights]	Exercising the right to audit, examine and make copies of the books and records of OPG relating to the performance of the Services, and resolving any discrepancies with OPG resulting from such audit, as contemplated by section 5.10 of the IESO Payments Agreement.
5.11 [Agent Financing Cooperation]	Requesting reasonable cooperation of Agent with financings as contemplated by section 5.11 of the IESO Payments Agreement.

Lease Agreement

Section of the Lease Agreement	ProjectCo LP Consent or Right under the Lease Agreement
1.1 [“Easements”]	Providing the consent contemplated by the definition of “Easements” in the Lease Agreement, except for any such consent that is in respect of an easement, lease, licence or access right determined by the Operator to be reasonably necessary to complete the design, construction, commissioning and/or warranty work of, or in respect of, the Facility.
5.2.2 [Allocation of Taxes]	Exercising the rights contemplated by section 5.2.2 of the Lease Agreement (but, for clarity, not delivery of the Notice provided by Landlord pursuant to section 5.2.1 of the Lease Agreement).
8.3.3 [Remediation Obligations and Landlord]	Agreeing with Landlord as contemplated by the first parenthetical phrase of section 8.3.3 of the Lease Agreement.

Indemnification for Specified Releases]

8.3.5 [Remediation Obligations and Landlord Indemnification for Specified Releases]	Making the determination contemplated by section 8.3.5 of the Lease Agreement.
9.5 [Insurance Agreement]	Entering into an insurance agreement as contemplated by section 9.5 of the Lease Agreement.
12.1.2 [Assignment, Transfers and Encumbrances]	Providing the consent contemplated by section 12.1.2 of the Lease Agreement.
18.11 [Registration of Lease]	Exercising the rights contemplated by section 18.11 of the Lease Agreement.

IP Rights Agreement

Nil.

MOMA

Section of this Agreement	ProjectCo LP Consent or Right under this Agreement
1.1 [“Shared Nuclear Property Damage Premium Ratable Portion”]	Agreeing with Operator as contemplated by the definition of “Shared Nuclear Property Damage Premium Ratable Portion” in this Agreement.
5.3(f) [Subcontracting, Labour and Employment]	Exercising the right to dispute an assertion by Operator that an Operator Party is not in breach of its obligations under a particular Contract as contemplated by Section 5.3(f) and, in such circumstance, enforcing such Contract against such Operator Party.
5.5(a)(viii) [Title to Materials, Equipment, Etc.]	Granting the approval contemplated by Section 5.5(a)(viii).

5.8(c) [Operating, Maintenance, and Administration Costs Base Budgets]	Exercising the right to request and participate in an organized discussion as contemplated by Section 5.8(c).
5.9(c) [Operating, Maintenance and Administration Costs Planned Outage Budgets]	Exercising the right to request and participate in an organized discussion as contemplated by Section 5.9(c).
5.10(d) [Capital Expenditures and Improvements]	Exercising the right to request and participate in an organized discussion as contemplated by Section 5.10(d).
8.1(d) [Expense Reimbursement]	Granting any approval contemplated by Section 8.1(d).
8.3 [Cost-Allocation Methodology and Shared Costs]	Exercising ProjectCo LP's right to participate in the joint development of the scope of work for the Third Party CAM Expert review (which it is acknowledged will, in the first instance, be prepared by the Operator), and ProjectCo LP's consultation rights with the Third Party CAM Expert, each as contemplated by Section 8.3(e). Exercising the right to agree with Operator on a Third Party expert or, failing such an agreement, to provide Operator with a list of three duly qualified Third Party experts, each as contemplated by Section 8.3(g). Exercising the right contemplated by Section 8.3(h).
9.3 [Disputed and Inaccurate Accounts]	Exercising the right to deliver the Notice, and resolve the issue contemplated thereby with Operator, as contemplated by Section 9.3(a). Exercising the right to deliver the Notice, and resolve the issue contemplated thereby with Operator, as contemplated by Section 9.3(b). Exercising the right to audit, examine and make copies of the financial and other records and financial statements of the Operator relating to the performance of the Services, and to resolve any discrepancies with Operator resulting from such audit, as contemplated by Section 9.3(c).

Project Management Agreement

Section of the Project Management Agreement	ProjectCo LP Consent or Right under the Project Management Agreement
1.1 [“Shared Nuclear Property Damage Premium Ratable Portion”]	Agreeing with Operator as contemplated by the definition of “Shared Nuclear Property Damage Premium Ratable Portion” in the Project Management Agreement.
5.3(f) [Subcontracting, Labour and Employment]	Exercising the right to dispute an assertion by Project Manager that a Project Manager Party is not in breach of its obligations under a particular Contract as contemplated by section 5.3(f) of the Project Management Agreement and, in such circumstance, enforcing such Contract against such Project Manager Party.
5.5(a)(viii) [Title to Materials, Equipment, Etc.]	Granting the approval contemplated by section 5.5(a)(viii) of the Project Management Agreement.
8.1(d) [Expense Reimbursement]	Granting any approval contemplated by section 8.1(d) of the Project Management Agreement.
9.3 [Disputed and Inaccurate Accounts]	Exercising the right to deliver the Notice, and resolve the issue contemplated thereby with Project Manager, as contemplated by section 9.3(a) of the Project Management Agreement.
	Exercising the right to deliver the notice, and resolve the issue contemplated thereby with Project Manager, as contemplated by section 9.3(b) of the Project Management Agreement.
	Exercising the right to audit, examine and make copies of the financial and other records and financial statements of the Project Manager relating to the performance of the Services, and to resolve any discrepancies with Project Manager resulting from such audit, as contemplated by section 9.3(c) of the Project Management Agreement.

EXECUTION VERSION

DNNP LP

– and –

ONTARIO POWER GENERATION INC.

**AMENDED AND RESTATED
IESO PAYMENTS COLLECTION, ALLOCATION AND SETTLEMENT AGREEMENT**

April 20, 2026

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**AMENDED AND RESTATED
IESO PAYMENTS COLLECTION, ALLOCATION AND SETTLEMENT AGREEMENT**

THIS AMENDED AND RESTATED IESO PAYMENTS COLLECTION, ALLOCATION AND SETTLEMENT AGREEMENT is made as of the 20th day of April, 2026,

BETWEEN:

DNNP LP, a limited partnership existing under the laws of the Province of Ontario,
by its managing general partner, **DNNP GP INC.**

(**“ProjectCo LP”**)

AND:

ONTARIO POWER GENERATION INC., a corporation existing under the laws
of the Province of Ontario

(**“OPG”**)

WHEREAS:

- A. On December 29, 2025, the Parties entered into an IESO payments collection, allocation and settlement agreement (the **“Original IESO Payments Agreement”**).
- B. ProjectCo LP desires to have the Agent continue to provide payments collection, allocation and settlement services to ProjectCo LP in connection with Base Generation Revenue, DVA Generation Revenue, IPT Generation Revenue and Other Revenue received by OPG, and the Agent desires to provide such services to ProjectCo LP, subject to the terms and conditions of this Agreement.
- C. OPG and ProjectCo LP desire to amend and restate the Original IESO Payments Agreement in its entirety in the manner hereinafter set forth.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement (including its recitals), the following capitalized terms have the meanings given below:

- (a) **“Access Laws”** means, as applicable, FIPPA, ATIA and the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario).

- (b) “**Actual Base Production Shortfall**” has the meaning attributed thereto in Section 5.3(a)(ii).
- (c) “**Actual Base Production Surplus**” has the meaning attributed thereto in Section 5.3(a)(ii).
- (d) “**Actual DVA Production Shortfall**” has the meaning attributed thereto in Section 5.4(a)(ii).
- (e) “**Actual DVA Production Surplus**” has the meaning attributed thereto in Section 5.4(a)(ii).
- (f) “**Actual IPT Production Shortfall**” has the meaning attributed thereto in Section 5.5(a)(ii).
- (g) “**Actual IPT Production Surplus**” has the meaning attributed thereto in Section 5.5(a)(ii).
- (h) “**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries: (x) Controls such Person, (y) is Controlled by such Person, or (z) is Controlled by a third Person that also Controls such Person, provided that, and notwithstanding the foregoing:
 - (i) with respect to OPG and the Agent, if the Agent is OPG or is Controlled by OPG, “**Affiliate**” shall be limited to OPG and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by OPG, provided that ProjectCo LP and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be “**Affiliates**” of OPG or the Agent for purposes of this Agreement;
 - (ii) with respect to ProjectCo LP and ProjectCo GP, if the Agent is OPG or a Qualified Successor Operator or is Controlled by OPG or a Qualified Successor Operator and ProjectCo LP or ProjectCo GP is Controlled by OPG or a Qualified Successor Operator, “**Affiliate**” shall be limited to any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP, provided that, for clarity, if the Agent is OPG or a Qualified Successor Operator or is Controlled by OPG or a Qualified Successor Operator, OPG or the Qualified Successor Operator, as applicable, and any Person Controlled by OPG or the Qualified Successor Operator, as applicable (other than ProjectCo LP and ProjectCo GP and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be “**Affiliates**” of ProjectCo LP or ProjectCo GP for purposes of this Agreement; and
 - (iii) following an Agent Transfer to a Qualified Successor Operator and with respect to such Qualified Successor Operator that becomes a Party to this

Agreement and the Agent, if such Qualified Successor Operator is Controlled by the Crown, “**Affiliate**” shall be limited to the Ultimate Parent (within the meaning of ProjectCo LP’s Governing Documents) of such Qualified Successor Operator (or its Affiliate that is a partner of ProjectCo LP) and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by such Ultimate Parent, provided that ProjectCo LP and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by ProjectCo LP or ProjectCo GP) shall not be “**Affiliates**” of the Agent for purposes of this Agreement.

- (i) “**Agent**” means OPG acting in its capacity as agent under this Agreement, and not in any other capacity, without derogating from the Agent’s obligations hereunder.
- (j) “**Agent Costs**” has the meaning attributed thereto in Section 7.1(a).
- (k) “**Agent Indemnatee**” has the meaning attributed thereto in Section 8.1.
- (l) “**Agent Party**” means any of the Agent’s Representatives, and to the extent permitted by this Agreement, contractors and subcontractors of any tier, but excluding ProjectCo GP and ProjectCo LP, and “**Agent Parties**” will be construed accordingly. For clarity, any Person with whom the Agent enters into a Contract as agent and/or nominee of ProjectCo LP, or with whom the Agent enters into a Contract in the name of ProjectCo LP as its true and lawful attorney in fact, will be ProjectCo LP’s counterparty and not an “**Agent Party**” for any purpose under this Agreement.
- (m) “**Agent Personnel**” means any individual employed or engaged by or seconded to the Agent or an Agent Party, including any consultants, agents, personnel, staff, augmented staff, labour and other directors, officers and employees of the Agent or an Agent Party.
- (n) “**Agent Transfer**” has the meaning attributed thereto in Section 10.1(a).
- (o) “**Agreement**” means this agreement and all Schedules attached hereto, which for clarity are an integral part of this agreement.
- (p) “**Applicable Laws**” means, collectively, all applicable:
 - (i) federal, provincial, municipal and other laws, decrees, ordinances, instruments, codes, constitutions, treaties, orders-in-council, by-laws, codes, rules, regulations and statutes;
 - (ii) legally enforceable orders, rulings, decisions, codes, judgments, injunctions, directives, awards and writs of any Governmental Authority;
 - (iii) policies, practices, standards, guidelines, notices and industry protocols of any Governmental Authority to the extent that they have the force of law;

- (iv) rulings, conditions and requirements of any Permits, Consents or similar rights issued by a Governmental Authority; and
- (v) requirements under or prescribed by applicable common law or equity.
- (q) **“Arbitration Act”** means the *Arbitration Act, 1991* (Ontario).
- (r) **“ATIA”** means the *Access to Information Act* (Canada).
- (s) **“Base Generation Revenue”** means all payment amounts paid to OPG by the IESO pursuant to orders made from time to time by the OEB (i) under section 78.1 of the OEB Act or (ii) otherwise in accordance with Applicable Laws that, in each case, are on account of electricity generated by the Combined Nuclear Fleet; provided, however, that Base Generation Revenue shall include Concurrent Cost Recovery Payments Revenue but exclude DVA Generation Revenue and IPT Generation Revenue.
- (t) **“Base Generation Revenue Allocation Methodology”** has the meaning attributed thereto in Section 5.3(a).
- (u) **“Beneficiary”** has the meaning attributed thereto in Section 8.4(a).
- (v) **“Blended Base Rate”** means a Blended Rate established in connection with electricity generated by the Combined Nuclear Fleet (but not, for clarity, a Blended DVA Rate, a Blended IPT Rate or a Blended Rate that is any other payment amount rider established by the OEB under section 78.1 of the OEB Act).
- (w) **“Blended DVA Rate”** means a Blended Rate established in connection with the disposition of amounts in Nuclear DVAs.
- (x) **“Blended IPT Rate”** means a Blended Rate established in connection with the collection of foregone payment amounts revenue, or repayment of excess payment amounts revenue, as applicable, in respect of a Nuclear Interim Rate Period, in each case to the extent not included in the Blended DVA Rate.
- (y) **“Blended Rate”** means a single blended payment amount, or a single blended payment amount rider, in effect at the relevant time for OPG and ProjectCo LP in respect of the Combined Nuclear Fleet approved by the OEB (i) under section 78.1 of the OEB Act or (ii) otherwise in accordance with Applicable Laws.
- (z) **“Business Day”** means any day other than Saturday, Sunday or any day on which banking institutions in Toronto, Ontario are not open for business.
- (aa) **“Claims”** means:
 - (i) any claim, demand or complaint;

- (ii) any court action, suit, arbitration, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure;
 - (iii) any investigation or inquiry by or before any Governmental Authority or similar body; and/or
 - (iv) any similar matter or proceeding.
- (bb) “CNSC” means the Canadian Nuclear Safety Commission established pursuant to the *Nuclear Safety and Control Act* (Canada).
- (cc) “**Combined Nuclear Fleet**” means, collectively, the OPG Nuclear Fleet and the Facility.
- (dd) “**Combined Nuclear Fleet Revenue**” means, collectively, Base Generation Revenue, DVA Generation Revenue, IPT Generation Revenue and Other Revenue.
- (ee) “**Commercial Operation**” has the meaning attributed thereto in the MOMA.
- (ff) “**Commercial Operation Date**” has the meaning attributed thereto in the MOMA.
- (gg) “**Concurrent Cost Recovery Payments**” means payments (or a component of payments) by the IESO to ProjectCo LP (including indirectly through the Blended Rate), the purpose of which is to allow ProjectCo LP to recover, during a period prior to the Commercial Operation Date in respect of a Unit Facility, a cost of capital amount (including a return on equity or cost of debt) in respect of DNNP Costs (as defined in the MOMA) incurred by ProjectCo LP in connection with such Unit Facility prior to the Commercial Operation Date in respect of such Unit Facility.
- (hh) “**Concurrent Cost Recovery Payments Revenue**” means Concurrent Cost Recovery Payments that are not DVA Generation Revenue or IPT Generation Revenue.
- (ii) “**Conditions of Performance**” has the meaning attributed thereto in Section 5.2.
- (jj) “**Confidential Information**” has the meaning attributed thereto in Section 13.1(a).
- (kk) “**Confidentiality Incident**” has the meaning attributed thereto in Section 13.2(h).
- (ll) “**Connected Persons**” means, in respect of a Party, all past or present Persons who directly or indirectly own or hold (or owned or held) a direct or indirect legal or beneficial interest in any Equity Interests in such Party, but:
 - (i) only in such Person’s capacity as a past or present owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in such Party and not in any other capacity; and

- (ii) excluding (A) a Person whose indirect legal or beneficial interest in any Equity Interests in such Party is held directly or indirectly: (1) through Equity Interests that are listed on a Recognized Stock Exchange, (2) through Equity Interests in a Private Equity Fund, excluding any Equity Interests held by the sponsor or investment manager of such Private Equity Fund (or any of their respective Affiliates), (3) through Equity Interests in the Ultimate Parent (within the meaning of ProjectCo LP's Governing Documents) of such Party, or (4) solely as a result of such Person being a beneficiary of a pension plan or pension fund; and (B) any Governmental Authority.
- (mm) **"Consent"** means any consent, approval, authorization, waiver or notice to or from any Person, including any Governmental Authority.
- (nn) **"Contract"** means any contract, obligation, agreement, arrangement, undertaking, engagement, or commitment or the like.
- (oo) **"Control"** means:
 - (i) when applied to the relationship between a Person and a corporation, (A) the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, or (B) where such corporation has no share capital, the ability of such Person, whether directly or indirectly, to elect, appoint or cause the election or appointment of a majority of the directors (or equivalent governing body) of such corporation;
 - (ii) when applied to the relationship between a Person and a partnership (other than a limited partnership) or joint venture, the beneficial ownership by such Person at the relevant time of securities or ownership interests of such partnership or joint venture carrying more than 50% of the voting interests of the partnership or joint venture; or
 - (iii) when applied to the relationship between a Person and a limited partnership, the beneficial ownership by such Person at the relevant time of shares of the general partner or general partners of such limited partnership carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such general partner or general partners; and

the term **"Controlled by"** has a corresponding meaning; provided that a Person who Controls a corporation, partnership, limited partnership or joint venture (for the purposes of this definition, the **"second mentioned Person"**) shall be deemed to Control a corporation, partnership, limited partnership or joint venture which is Controlled by the second mentioned Person and so on.
- (pp) **"Corporate Records"** means:

- (i) all Governing Documents of ProjectCo LP and ProjectCo GP;
 - (ii) all minutes of meetings and resolutions of partners of ProjectCo LP, and of the shareholders and directors (and any committee of directors) of ProjectCo GP;
 - (iii) the partnership unit or share certificate books, securities register, register of transfers and register of partners, directors and officers with respect to ProjectCo LP or ProjectCo GP;
 - (iv) all materials and documentation provided to the partners of ProjectCo LP by, or on behalf of, ProjectCo LP or to the shareholders or directors of ProjectCo GP by, or on behalf of, ProjectCo GP pursuant to the Governing Documents of ProjectCo LP or ProjectCo GP, excluding all Other Documentation;
 - (v) all tax records relating to ProjectCo GP or ProjectCo LP;
 - (vi) all Contracts executed by ProjectCo GP in its own capacity or as managing general partner of ProjectCo LP; and
 - (vii) all records related to any Claims brought by or against ProjectCo LP or ProjectCo GP other than any such records of OPG in respect of a Claim brought (A) by OPG in any capacity, including as Agent, Landlord, Project Manager, Operator, Licensor, shareholder of ProjectCo GP and/or partner of ProjectCo LP, against ProjectCo LP or ProjectCo GP, or (B) by ProjectCo LP or ProjectCo GP against OPG in any capacity, including as Agent, Landlord, Project Manager, Operator, Licensor, shareholder of ProjectCo GP and/or partner of ProjectCo LP.
- (qq) **“Crown”** means His Majesty the King in right of the Province of Ontario.
- (rr) **“Developed IP”** has the meaning attributed thereto in Section 5.9(e).
- (ss) **“Direct Losses”** means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses (including the cost of legal or professional services, legal and professional costs being on a full indemnity basis) and charges, whether arising at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, but excluding in all circumstances Indirect Losses. For clarity and notwithstanding the foregoing, any amount paid or finally awarded in respect of a Third Party Claim against a Party will be considered Direct Losses.
- (tt) **“Disclosing Party”** has the meaning attributed thereto in Section 13.1(a).
- (uu) **“Dispute Resolution Procedure”** means the procedure set out in Schedule A.

- (vv) **“Disputes”** has the meaning attributed thereto in Section 11.1.
- (ww) **“DNNP IP Rights”** has the meaning attributed thereto in the IP Rights Agreement.
- (xx) **“DVA Generation Revenue”** means the net amount (whether positive or negative) of all amounts paid to OPG by the IESO and all amounts paid by OPG to the IESO, or set-off by the IESO, pursuant to orders made from time to time by the OEB (i) under section 78.1 of the OEB Act or (ii) otherwise pursuant to Applicable Laws that, in each case, are on account of the disposition of amounts in Nuclear DVAs.
- (yy) **“DVA Generation Revenue Allocation Methodology”** has the meaning attributed thereto in Section 5.4(a).
- (zz) **“Effective Date”** means the date of this Agreement.
- (aaa) **“Electricity Act”** means the *Electricity Act, 1998* (Ontario).
- (bbb) **“Encumbrance”** means any mortgage, lien, pledge, judgment, execution, charge, security interest, restriction, lease, sublease, easement or encumbrance of any nature whatsoever, including Claims of the Ontario Workplace Safety and Insurance Board, Canada Revenue Agency and any other Governmental Authority.
- (ccc) **“Equity Interest”** means, in respect of any Person, (i) any and all shares or other equity or ownership interests (including common shares, preferred shares, capital stock, partnership interests, trust interests, limited liability company interests and limited liability partnership interests) in such Person; and (ii) all convertible securities and other rights convertible into or exchangeable for such shares or other equity or ownership interests in such Person (whether or not currently exercisable, exchangeable or convertible), including rights to subscribe, warrants, options, conversion privileges, and exchange rights for such shares or other equity or ownership interests in such Person.
- (ddd) **“ETA”** means the *Excise Tax Act* (Canada).
- (eee) **“Facility”** means, collectively, the Unit 1 Facility and, to the extent approved by ProjectCo LP for construction and commissioning, the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility, except to the extent a Stoppage Vote Resolution has been passed in respect of any such Unit Facility, in which case **“Facility”** means:
 - (i) in the event that one or more Stoppage Vote Resolutions are passed in respect of the Unit 1 Facility and all other Unit Facilities approved by ProjectCo LP for construction and commissioning, each Unit Facility (to the extent in existence at the time the Stoppage Vote Resolution in respect of such Unit Facility was passed), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect of the Unit Facilities; or

- (ii) in all other circumstances, (x) all Unit Facilities in respect of which no Stoppage Vote Resolution has been passed, together with (y) each Unit Facility in respect of which a Stoppage Vote Resolution has been passed (to the extent in existence at the time of the passage of such Stoppage Vote Resolution), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect thereof.
- (fff) **“Facility Documents”** means, collectively, this Agreement, the MOMA, the Lease Agreement, the Project Management Agreement and the IP Rights Agreement.
- (ggg) **“Facility Purposes”** has the meaning attributed thereto in the IP Rights Agreement.
- (hhh) **“Financial Capacity Requirements”** has the meaning attributed thereto in the MOMA.
- (iii) **“FIPPA”** means the *Freedom of Information and Protection of Privacy Act* (Ontario).
- (jjj) **“Fiscal Year”** has the meaning attributed thereto in the MOMA.
- (kkk) **“Fuel Assembly I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.
- (lll) **“Governing Documents”** means, with respect to any Person: (i) if a corporation or company, its articles and any by-laws; (ii) if a partnership, the partnership agreement and any declaration or statement of partnership required to be filed with any Governmental Authority in order to form the partnership or maintain the limited liability of any partners; (iii) if a limited liability company, the articles and any organization or operating agreement; (iv) if a trust, the trust deed and/or declaration of trust; (v) if another type of Person, any charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (vi) to the extent applicable to all of such Person’s equity holders, shareholders’ or equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements and any other agreements or documents relating to the organization, management or operation of such Person or relating to the rights, duties and obligations of such Person’s equity holders; and (vii) any amendment or supplement to any of the foregoing. For clarity, the Facility Documents are not Governing Documents of ProjectCo LP or ProjectCo GP.
- (mmm) **“Governmental Authority”** means: (i) any court, tribunal, judicial body or arbitral body or arbitrator; (ii) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government and any governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (iii) any subdivision or authority of any of the

foregoing; and (iv) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing.

- (nnn) **“Handle”** means to access, collect, use, store, communicate, disclose, or otherwise process or handle.
- (ooo) **“IESO”** means the Independent Electricity System Operator continued under the Electricity Act.
- (ppp) **“IESO-Controlled Grid”** means the electricity transmission systems with respect to which, pursuant to operating agreements, the IESO has authority to direct operations (or, should the IESO cease to direct operations, the bulk electric system in Ontario).
- (qqq) **“Indemnifier”** has the meaning attributed thereto in Section 8.4(a).
- (rrr) **“Indirect Losses”** means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses and charges whatsoever for or in respect of the following:
 - (i) punitive, exemplary, special or aggravated damages;
 - (ii) loss of profits or revenue, loss of use, loss of production, loss of business, cost of capital, any cost of purchasing or generating replacement power or loss of business opportunity; or
 - (iii) any other consequential loss, incidental loss or indirect loss of any nature, whether arising at law or in equity, whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, and whether suffered or allegedly suffered.
- (sss) **“Intellectual Property”** means all intangible or intellectual property of any kind, including: (i) works of authorship, including drawings and software, (ii) industrial or utility designs, (iii) inventions, discoveries, improvements, (iv) integrated circuit topographies and mask work, and (v) trade secrets, confidential information, ideas, formulas, compositions, know-how, processes, procedures, methodologies, techniques, formulae, calculations, designs, research and development information, data, specifications, analyses, plans, maintenance information and all other technical, design, operating, construction, licensing, commissioning or decommissioning information.
- (ttt) **“Intellectual Property Rights”** means all rights to Intellectual Property existing under: (i) copyright law, (ii) design patent or industrial design law, (iii) patent law, (iv) semi-conductor chip or mask work law, or (v) any other statutory provision or common law principle relating to such subject matter, including trade secret laws

and laws governing confidential information, including all grants and registrations worldwide in connection with the foregoing and all other rights with respect thereto existing other than pursuant to grant or registration, all applications for any such grant or registration, and all amendments, continuations, divisions and continuations-in-part of such applications, and all corrections, reissues, patents of addition, extensions and renewals of any such grant, registration or right.

- (uuu) **“IP Rights Agreement”** means the amended and restated intellectual property rights agreement entered into by OPG and ProjectCo LP on the Effective Date.
- (vvv) **“IPA”** means the integrated project agreement entered into by OPG on January 1, 2023 in respect of the Unit 1 Facility, as it has been, and as it may be further amended, modified or supplemented from time to time, including, if applicable, by a supplemental agreement in respect of the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility.
- (www) **“IPT Generation Revenue”** means the net amount (whether positive or negative) of all amounts paid to OPG by the IESO and all amounts paid by OPG to the IESO, or set-off by the IESO, pursuant to orders made from time to time by the OEB (i) under section 78.1 of the OEB Act or (ii) otherwise pursuant to Applicable Laws that, in each case, are on account of foregone payment amounts revenue, or excess payment amounts revenue, as applicable, during a Nuclear Interim Rate Period, in each case to the extent not included in DVA Generation Revenue.
- (xxx) **“IPT Generation Revenue Allocation Methodology”** has the meaning attributed thereto in Section 5.5(a).
- (yyy) **“Landlord”** has the meaning attributed thereto in the Lease Agreement. For clarity, all references to the Landlord are references to the Landlord in its capacity as landlord under the Lease Agreement, and not in any other capacity.
- (zzz) **“Lease Agreement”** means the amended and restated lease agreement entered into by OPG and ProjectCo LP on the Effective Date.
- (aaaa) **“Leased Premises”** has the meaning attributed thereto in the Lease Agreement.
- (bbbb) **“Licensee”** has the meaning attributed thereto in the IP Rights Agreement.
- (cccc) **“Licensor”** has the meaning attributed thereto in the IP Rights Agreement.
- (dddd) **“Losses”** means Direct Losses and Indirect Losses.
- (eeee) **“MOMA”** means the amended and restated management, operations, maintenance and administration services agreement entered into by OPG and ProjectCo LP on the Effective Date.

- (ffff) “**Non-Resident**” means a Person that is, at the relevant time, not resident in Canada for the purposes of the Tax Act or, in the case of a Person that is a partnership, that is not, at the relevant time, a “Canadian partnership” as defined in the Tax Act.
- (gggg) “**Notice**” means notice in writing given by a Party to the other Party in accordance with the provisions of Section 14.1.
- (hhhh) “**Nuclear Capability Requirements**” has the meaning attributed thereto in the MOMA.
- (iiii) “**Nuclear DVA**” means any deferral or variance account established by the OEB or prescribed by Applicable Laws for ProjectCo LP, in respect of the Facility, or for OPG, in respect of the OPG Nuclear Fleet (in whole or in part).
- (jjjj) “**Nuclear Interim Rate Period**” means a period of time in respect of which the OEB has issued an order declaring a Blended Base Rate interim.
- (kkkk) “**OEB**” means the Ontario Energy Board continued under the OEB Act.
- (llll) “**OEB Act**” means the *Ontario Energy Board Act, 1998* (Ontario).
- (mmmm) “**Operator**” has the meaning attributed thereto in the MOMA. For clarity, all references to the Operator are references to the Operator in its capacity as operator under the MOMA, and not in any other capacity.
- (nnnn) “**OPG**” has the meaning attributed thereto in the preamble to this Agreement.
- (oooo) “**OPG ECA**” means the equity commitment agreement entered into by OPG and ProjectCo LP on the Effective Date.
- (pppp) “**OPG Nuclear Fleet**” means the nuclear generating stations owned, leased or operated by OPG or an Affiliate thereof which have been prescribed by regulation for the purposes of section 78.1 of the OEB Act and thereby are subject to economic regulation by the OEB, excluding, for clarity, the Facility.
- (qqqq) “**Original IESO Payments Agreement**” has the meaning attributed thereto in the recitals to this Agreement.
- (rrrr) “**Other Documentation**” means all materials and documentation that are provided to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the shareholders and/or directors of ProjectCo GP by (i) the Operator pursuant to the terms of the MOMA, (ii) the Project Manager pursuant to the terms of the Project Management Agreement, (iii) the Agent pursuant to the terms of this Agreement, or (iv) the Landlord pursuant to the terms of the Lease Agreement; provided, however, that the Other Documentation shall not include any Corporate Records (other than the materials and documentation described in Section 1.1(pp)(iv), which, for clarity, shall constitute “**Other Documentation**” to the extent that they meet the foregoing criteria).

- (ssss) **“Other Revenue”** means all revenue, other than Base Generation Revenue, DVA Generation Revenue and IPT Generation Revenue, paid by the IESO to OPG that is on account of the Combined Nuclear Fleet.
- (tttt) **“Other Revenue Allocation Methodology”** has the meaning attributed thereto in Section 5.6.
- (uuuu) **“Parties”** means ProjectCo LP and OPG and **“Party”** means any one of them.
- (vvvv) **“Payment Error Notice”** has the meaning attributed thereto in Section 5.8(a).
- (wwww) **“Permits”** means all permissions, Consents, approvals, certificates, permits, licences, registrations, conditions, screenings, clearances, statutory agreements and similar authorizations required by Applicable Laws, including any development permits, building permits, zoning approvals, and any other planning or development permit needed, in each case, to perform the Services or otherwise to comply with a Party’s obligations under this Agreement.
- (xxxx) **“Permitted Agent Transfer”** has the meaning attributed thereto in Section 10.1(a).
- (yyyy) **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, limited liability company, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or entity however designated or constituted.
- (zzzz) **“Personal Information”** has the meaning attributed thereto in Section 13.5(a).
- (aaaa) **“Prime Rate”** means the rate of interest per annum quoted by Royal Bank of Canada from time to time as its reference rate for Canadian dollar demand loans made to its commercial customers in Canada and which it refers to as its “prime rate”, as such rate may be changed by it from time to time.
- (bbbb) **“Privacy Laws”** has the meaning attributed thereto in Section 13.5(b).
- (cccc) **“Private Equity Fund”** has the meaning attributed thereto in the MOMA.
- (dddd) **“Proceeding”** means an action, demand, suit, arbitration, complaint, grievance, claim, litigation, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure, investigation, audit or inquiry by or before any Governmental Authority or similar body, or any similar matter or proceeding.
- (eeee) **“Project Agreement”** has the meaning attributed thereto in the MOMA.
- (ffff) **“Project IP License”** has the meaning attributed thereto in the IP Rights Agreement.

- (ggggg) **“Project Management Agreement”** means the amended and restated development and construction project management agreement entered into by OPG and ProjectCo LP on the Effective Date.
- (hhhhh) **“Project Manager”** has the meaning attributed thereto in the Project Management Agreement. For clarity, all references to the Project Manager are references to the Project Manager in its capacity as project manager under the Project Management Agreement, and not in any other capacity.
- (iiii) **“ProjectCo GP”** means DNNP GP Inc., a corporation existing under the laws of the Province of Ontario and the sole managing general partner of ProjectCo LP.
- (jjjj) **“ProjectCo LP”** has the meaning attributed thereto in the preamble to this Agreement.
- (kkkkk) **“ProjectCo LP Base Generation Revenue”** means the Base Generation Revenue allocated to ProjectCo LP pursuant to the Base Generation Revenue Allocation Methodology.
- (lllll) **“ProjectCo LP DVA Generation Revenue”** means the DVA Generation Revenue allocated to ProjectCo LP pursuant to the DVA Generation Revenue Allocation Methodology.
- (mmmmm) **“ProjectCo LP Forecasted Monthly Base Production Amount”** has the meaning attributed thereto in Section 5.3(a)(i).
- (nnnnn) **“ProjectCo LP Forecasted Monthly DVA Amortization”** has the meaning attributed thereto in Section 5.4(a)(i).
- (ooooo) **“ProjectCo LP Forecasted Monthly DVA Production Amount”** has the meaning attributed thereto in Section 5.4(a)(i).
- (ppppp) **“ProjectCo LP Forecasted Monthly IPT Amount”** has the meaning attributed thereto in Section 5.5(a)(i).
- (qqqqq) **“ProjectCo LP Forecasted Monthly IPT Production Amount”** has the meaning attributed thereto in Section 5.5(a)(i).
- (rrrrr) **“ProjectCo LP Forecasted Monthly Revenue Requirement”** has the meaning attributed thereto in Section 5.3(a)(i).
- (sssss) **“ProjectCo LP Indemnitee”** has the meaning attributed thereto in Section 8.2.
- (ttttt) **“ProjectCo LP IPT Generation Revenue”** means the IPT Generation Revenue allocated to ProjectCo LP pursuant to the IPT Generation Revenue Allocation Methodology.

(uuuuu) **“ProjectCo LP Other Revenue”** means the Other Revenue allocated to ProjectCo LP pursuant to the Other Revenue Allocation Methodology.

(vvvvv) **“ProjectCo LP Revenue”** means, collectively, ProjectCo LP Base Generation Revenue, ProjectCo LP DVA Generation Revenue, ProjectCo LP IPT Generation Revenue and ProjectCo LP Other Revenue.

(wwwww) **“ProjectCo LP Transfer”** has the meaning attributed thereto in Section 10.3(a).

(xxxxx) **“Qualified Successor Operator”** means a Person that:

- (i) holds all of the Permits required as at the time of the proposed Agent Transfer to perform and discharge all of the obligations of (A) the Agent under this Agreement, (B) the Project Manager under the Project Management Agreement (if in force at the relevant time), (C) the Operator under the MOMA, and (D) if the Lease Agreement is being transferred to such Person, the Landlord under the Lease Agreement;
- (ii) will have, as at the time of the proposed Agent Transfer, Intellectual Property Rights that are substantially the same as (A) the DNNP IP Rights licensed by the Licensor to the Licensee pursuant to the Project IP License in the IP Rights Agreement, and (B) the Licensor’s or the Operator’s Fuel Assembly I.P. and other Intellectual Property Rights relating to nuclear fuel used or to be used at the Facility for Facility Purposes (in each case, to the extent of the Licensor’s or the Operator’s rights or title in respect of the applicable Intellectual Property Rights);
- (iii) meets all of the Financial Capacity Requirements as at the time of the proposed Agent Transfer; and
- (iv) meets all of the Nuclear Capability Requirements as at the time of the proposed Agent Transfer.

(yyyyy) **“Receiving Party”** has the meaning attributed thereto in Section 13.1(a).

(zzzzz) **“Recognized Stock Exchange”** has the meaning attributed thereto in the MOMA.

(aaaaa) **“Recovery Amount”** has the meaning attributed thereto in Section 8.4(i).

(bbbbbb) **“Representatives”** means, with respect to any Person, that Person’s Affiliates, and each of its and its Affiliates’ directors, officers, managers, employees, personnel, secondees, augmented staff, agents, contractors, subcontractors, consultants, financial advisors, counsel, accountants and other advisors. Except for the purposes of Section 1.9, Section 4.3(b), Section 5.9(e), Article 8, Article 13, Section 15.3, Section 15.5 and Section 15.10 (in each case, for clarity, where this sentence shall not apply), all references to the Representatives of a Person are references to such Representatives when they are acting in their

capacity as Representatives of such Person, and not in any other capacity, including, for clarity, while the Agent is the same Person as the Operator, the Project Manager, the Licensor or the Landlord, all references to Representatives of the Agent are references to such Representatives when they are acting in their capacity as Representatives of such Person as Agent, and not in their capacity as Representatives of such Person as the Operator, the Project Manager, the Licensor or the Landlord, respectively.

(ccccc) “**Restricted Action**” has the meaning attributed thereto in Section 3.2.

(ddddd) “**Schedules**” has the meaning attributed thereto in Section 1.3.

(eeeeee) “**Services**” means all services required to:

- (i) collect the Combined Nuclear Fleet Revenue;
- (ii) allocate the Base Generation Revenue, the DVA Generation Revenue, the IPT Generation Revenue and the Other Revenue as between OPG (on account of the OPG Nuclear Fleet) and ProjectCo LP (on account of the Facility) in accordance with the Base Generation Revenue Allocation Methodology, the DVA Generation Revenue Allocation Methodology, the IPT Generation Revenue Allocation Methodology and the Other Revenue Allocation Methodology, as applicable; and
- (iii) settle all such payments with ProjectCo LP pursuant to Section 5.7,

and any such other services as reasonably required or ancillary with respect to the foregoing.

(ffffff) “**Settlement Payment**” has the meaning attributed thereto in Section 5.7(d).

(ggggg) “**Standalone Date**” means the first date on which all Blended Rates cease to be in effect, whether by the operation of the terms of the Applicable Laws prescribing the Blended Rates, by repeal or amendment of the Applicable Laws prescribing the Blended Rates, by the direction of the OEB or otherwise.

(hhhhh) “**Stoppage Vote Resolution**” has the meaning attributed thereto in the MOMA.

(iiiiii) “**Tax Act**” means the *Income Tax Act* (Canada).

(jjjjj) “**Term**” has the meaning attributed thereto in Section 9.1(a).

(kkkkk) “**Third Party**” means any Person other than a Party or an Affiliate of a Party.

(lllll) “**Third Party Claim**” means, in respect of a Party, a Claim by any Person against that Party other than: (i) a Claim by an Affiliate of that Party, (ii) a Claim by another

Party, or (iii) a Claim by any Person who owns or holds, directly or indirectly, a direct or indirect legal or beneficial interest in any Equity Interests in that Party and such Claim is made in that Person's capacity as an owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in that Party.

(mmmmmm) **“Transfer”** means any sale, assignment, transfer or other disposition by a Party of this Agreement or any of its interests in this Agreement, including any sale, assignment, transfer or other disposition of this Agreement or interests in this Agreement made by way of receivership or seizure by legal process or by operation of law; provided that, and notwithstanding the foregoing, for clarity, a direct or indirect change in the ownership of Equity Interests in such Party or any Person that directly or indirectly holds Equity Interests in such Party, including where such change results in a change of Control of such Party, is not a **“Transfer”**.

(nnnnnn) **“Transmission Company”** means Hydro One Networks Inc.

(oooooo) **“Unit 1”** means the first approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, being developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology. For clarity, the associated electrical generating and other infrastructure referenced in this definition of **“Unit 1”** includes infrastructure that will be common to all nuclear electrical generating units forming part of the Facility.

(pppppp) **“Unit 1 Facility”** means:

- (i) Unit 1;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 1 Facility; and
- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 1 Facility.

(qqqqqq) **“Unit 2”** means the second approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP's sole discretion.

(rrrrrr) **“Unit 2 Facility”** means:

- (i) Unit 2;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 2 Facility; and
- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 2 Facility.

(ssssss) **“Unit 3”** means the third approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(tttttt) **“Unit 3 Facility”** means:

- (i) Unit 3;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 3 Facility; and
- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 3 Facility.

(uuuuuu) **“Unit 4”** means the fourth approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at ProjectCo LP’s sole discretion.

(vvvvvv) **“Unit 4 Facility”** means:

- (i) Unit 4;
 - (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 4 Facility; and
 - (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by ProjectCo LP to be part of the Unit 4 Facility.
- (wwwwww) **“Unit Facilities”** means the Unit 1 Facility, the Unit 2 Facility, the Unit 3 Facility and the Unit 4 Facility, as applicable, and **“Unit Facility”** means any one of them.
- (xxxxxx) **“Units”** means, collectively, Unit 1, Unit 2, Unit 3 and Unit 4, and **“Unit”** means any one of them.
- (yyyyyy) **“Wholly-Owned Affiliate”** means, with respect to any Person (the **“First Person”**), any other Person (i) that is a Wholly-Owned Subsidiary of the First Person; (ii) of which the First Person is a Wholly-Owned Subsidiary; or (iii) that is a Wholly-Owned Subsidiary of another Person (the **“Third Person”**) and the First Person is also a Wholly-Owned Subsidiary of the Third Person; provided that, and notwithstanding the foregoing, the provisos set out in Section 1.1(h)(i), Section 1.1(h)(ii) and Section 1.1(h)(iii) shall apply to the foregoing definition *mutatis mutandis*.
- (zzzzzz) **“Wholly-Owned Subsidiary”** of a Person means another Person in which Equity Interests representing 100% of the equity and 100% of the voting power are, at the time any determination is being made, owned by such first Person (including indirectly through more than one other Persons, where Equity Interests in each of such Persons representing 100% of the equity and 100% of the voting power are, at the time such determination is being made, owned by such first Person). For clarity, any Wholly-Owned Subsidiary of a Person that is itself a Wholly-Owned Subsidiary of another Person is a Wholly-Owned Subsidiary of that second mentioned Person and so on.
- (aaaaaa) **“Wind-down Work”** has the meaning attributed thereto in the MOMA.

1.2 Amendment and Restatement

Effective as of the Effective Date, pursuant to section 15.5 of the Original IESO Payments Agreement, the Original IESO Payments Agreement shall be and is hereby amended and restated in its entirety with this Agreement, provided that, for clarity, the rights or obligations of any Party

which have accrued prior to the Effective Date shall be unaffected by the execution of this Agreement. The Parties hereby agree that this Agreement and the transactions contemplated hereby do not constitute a novation, rescission or termination of any of the rights or obligations of the Parties under the Original IESO Payments Agreement.

1.3 Schedules

The following schedules (the “**Schedules**”) are attached hereto and form a part of this Agreement:

Schedule A	—	Dispute Resolution Procedure
Schedule B	—	Restricted Actions

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Gender, Number and Grammatical Changes

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

1.6 Currency

All amounts in this Agreement are stated and shall be paid in Canadian currency, unless otherwise specified.

1.7 Statutes

Any reference in this Agreement to a statute or to a regulation or rule promulgated under a statute or to any provision of a statute, regulation or rule will be a reference to the statute, regulation, rule or provision, as amended, re-enacted or replaced from time to time.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement. To the extent permitted by Applicable Laws, the Parties waive any provision of Applicable Laws which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall endeavour in good faith to agree to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.9 Preparation of Agreement

The terms and conditions of this Agreement are the result of negotiations between the Parties and the Parties agree that this Agreement will not be construed in favour of or against any Party by reason of the extent that any Party or any of its Representatives participated in the preparation of this Agreement.

1.10 Miscellaneous

- (a) References containing terms such as “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, shall be deemed to not be limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.
- (b) Whenever the terms “will” or “shall” are used in this Agreement they shall be construed and interpreted as synonymous and to read “shall”.
- (c) The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or thing extends and shall not simply mean “if”.
- (d) The phrase “finally determined” shall mean, in respect of a matter, that such matter has been finally determined or decided by a court or tribunal of competent jurisdiction and (i) no appeal or review of such determination or decision has timely been sought if capable of being sought or (ii) any and all rights of appeal or review properly exercised have otherwise been exhausted.
- (e) References to any Person, including a Party, include the permitted successors and permitted assigns of that Person, provided that, for clarity, with respect to a Party, such successor or assign is specifically permitted pursuant to this Agreement.
- (f) The words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement unless expressly so limited.
- (g) References to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to, this Agreement unless otherwise specified.
- (h) Where this Agreement states that an obligation shall be performed “no later than” or “within” or “by” a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (i) Where this Agreement states that an obligation shall be performed “on” a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.

- (j) Unless the context otherwise requires, all references to “days” means calendar days.
- (k) References to from or through any date mean, unless otherwise specified, from and including or through and including, respectively.
- (l) Unless otherwise specified, any reference to time of day or date means the local time or date in Toronto, Ontario.
- (m) References to any standard, principle, Contract or document include a reference to that standard, principle, Contract or document as amended, supplemented, restated, substituted, replaced, novated or assigned from time to time.

ARTICLE 2 APPOINTMENT

2.1 Appointment of the Agent

- (a) ProjectCo LP hereby irrevocably and exclusively appoints the Agent as “agent” for the duration of the Term to provide the Services on the terms and conditions set forth in this Agreement.
- (b) ProjectCo LP hereby appoints the Agent as its true and lawful attorney in fact for the duration of the Term and grants to the Agent, acting as its agent and nominee, the full power and authority to bind ProjectCo LP, to the extent permitted by, and at all times subject to and in compliance with, this Agreement. It is expressly intended and understood by ProjectCo LP that the grant of the power of attorney contemplated by this Section 2.1(b) is coupled with an interest and is irrevocable for the duration of the Term.
- (c) During the Term, ProjectCo LP agrees that the Agent has been appointed on an exclusive basis to perform the Services and ProjectCo LP will not be entitled to:
 - (i) perform the Services;
 - (ii) enter into, amend or terminate (other than this Agreement, in accordance with the terms hereof) any agreements for the provision of the Services;
 - (iii) revoke the appointment of the Agent as “agent” or the mandate of the Agent as “agent”; or
 - (iv) revoke the appointment of the Agent as its true and lawful attorney in fact in accordance with Section 2.1(b).

2.2 Acceptance of Appointment

The Agent hereby accepts the appointment provided for in Section 2.1 and agrees to act in such capacity and to provide the Services to ProjectCo LP on the terms and conditions set forth in this Agreement.

2.3 Notification to Third Parties and Documentation of Authority

ProjectCo LP will notify Third Parties and will furnish the Agent with such specific powers of attorney, directions, certificates of authority, notices and such other evidence of authority, as requested by the Agent, to document the Agent's authority under this Agreement for the provision of the Services.

ARTICLE 3 POWERS AND AUTHORITY OF THE AGENT

3.1 Powers and Authority of the Agent

- (a) Without limiting the generality of Section 2.1(a) and subject to Section 3.2, the Agent will have authority, during the Term, to provide the Services, including, to the extent related to the provision of the Services, to:
 - (i) collect the Base Generation Revenue, DVA Generation Revenue, IPT Generation Revenue and Other Revenue, allocate amounts in accordance with the Base Generation Revenue Allocation Methodology, the DVA Generation Revenue Allocation Methodology, IPT Generation Revenue Allocation Methodology or the Other Revenue Allocation Methodology, as applicable, and settle such amounts pursuant to Section 5.7; and
 - (ii) communicate, make filings and make arrangements with the IESO on behalf of ProjectCo LP, as determined by the Agent.

3.2 Limitation on Power and Authority

Notwithstanding anything to the contrary in this Agreement, the Agent will, prior to the taking of any action (including the incurrence of any costs or expenses associated therewith) set forth on Schedule B (each, a "**Restricted Action**"), provide ProjectCo LP with a Notice requesting ProjectCo LP's approval of such action. As soon as practicable following receipt of a Notice contemplated by the preceding sentence, ProjectCo LP will consider the Restricted Action described therein and will promptly inform the Agent as to whether the proposed taking of such Restricted Action is approved. The Agent will not take a Restricted Action unless and until such Restricted Action has been approved by ProjectCo LP. For clarity, the Agent will have no liability whatsoever for any Losses incurred by ProjectCo LP as a result of ProjectCo LP declining to approve a proposed Restricted Action.

3.3 Control of Services

Subject to Section 3.2, the Agent has and hereby retains the right to exercise full discretion, control, management and supervision of the Services and full control over the employment, direction, compensation and discharge of all Persons engaged by it in the performance of its obligations under this Agreement.

3.4 No Subcontracting

The Agent is not permitted to subcontract or delegate any of its obligations under this Agreement without the prior written consent of ProjectCo LP.

3.5 Binding on ProjectCo LP

ProjectCo LP will be bound by and perform, observe and carry out, as necessary, all actions, obligations and restrictions undertaken or agreed to by the Agent, in compliance with this Agreement, pursuant to the authority granted to the Agent under this Agreement for the provision of the Services.

ARTICLE 4 GENERAL ROLE

4.1 No Partnership

Nothing contained in this Agreement will be construed to create an association, trust, partnership or joint venture or impose a trust or partnership duty, obligation or liability, or a landlord and tenant or fiduciary relationship on or with regard to any Party. Except as expressly provided herein, each Party will be solely liable for its own obligations under this Agreement.

4.2 Independent Contractor

The Agent will at all times be deemed an independent contractor and none of its employees will be considered employees of ProjectCo LP by operation of this Agreement.

4.3 ProjectCo LP's Acknowledgement of Other Business Interests

- (a) Without derogating from the Agent's obligations under this Agreement, ProjectCo LP acknowledges that OPG and its Affiliates:
 - (i) without limiting Section 4.4, will not, and are not required to, exclusively devote their personnel and resources for the benefit of the Facility or the Services; and
 - (ii) are or, subject to Applicable Laws, may become engaged, directly or indirectly, in a variety of other business interests which include the ownership, financing, development, construction, operation, maintenance and management of electricity generating stations.
- (b) Each Party acknowledges and agrees that the other Party, its shareholders, partners and its and their Representatives may have other business interests, even though such business interests may be similar to or competitive with those of ProjectCo LP.

4.4 Non-Discrimination

Without limiting the other obligations contained in this Agreement, the Agent will provide the Services to ProjectCo LP in a fair and reasonable and non-discriminatory manner and will not give undue preference or priority to OPG or its Affiliates, including any of the other facilities in the Combined Nuclear Fleet. For clarity, the Agent will not provide Services to, or withhold Services from, ProjectCo LP with the specific intent of maximizing the economic return to OPG from the OPG Nuclear Fleet at the expense of ProjectCo LP. For clarity, it shall not be “discriminatory” for the Agent to allocate revenues in accordance with the allocation methodologies set forth in this Agreement or to allocate a particular revenue or amount to which a Person is exclusively entitled entirely to such Person.

ARTICLE 5 DUTIES OF THE AGENT

5.1 Provision of Services

The Agent will provide the Services during the Term.

5.2 Conditions of Performance

The Agent will perform the Services and fulfil its other obligations under this Agreement:

- (i) in accordance with all Applicable Laws (including all Permits); and
- (ii) in a manner consistent with the level of care and skill ordinarily exercised by prudent and diligent persons with expertise and experience in the provision of services similar to the Services;

(collectively, the “**Conditions of Performance**”), provided that, notwithstanding the foregoing and any other provision to the contrary in this Agreement, no Agent Indemnitee will be liable to ProjectCo LP for any failure by the Agent to satisfy the Conditions of Performance, including any Losses incurred or sustained by ProjectCo LP as a result thereof, except to the extent set forth in Article 8.

5.3 Base Generation Revenue Allocation Methodology

- (a) In any Fiscal Year (or a portion thereof), the Base Generation Revenue will be allocated as between ProjectCo LP (in respect of Base Generation Revenue attributable to the Facility) and OPG (in respect of Base Generation Revenue attributable to the OPG Nuclear Fleet) as follows (the “**Base Generation Revenue Allocation Methodology**”):
 - (i) The Agent will notionally allocate the OEB-approved revenue requirement in respect of the Facility for such Fiscal Year (or a portion thereof) to ProjectCo LP amongst each month during such Fiscal Year (or a portion thereof), acting reasonably, using the electricity production forecast for the Facility for such Fiscal Year (or a portion thereof) approved by the OEB in

its determination of the Blended Base Rate (each such monthly revenue requirement allocation being a “**ProjectCo LP Forecasted Monthly Revenue Requirement**” and each such monthly production forecast being a “**ProjectCo LP Forecasted Monthly Base Production Amount**”, as applicable). Where the electricity production forecast for the Facility for such Fiscal Year (or a portion thereof) approved by the OEB is zero because no Unit Facility has then achieved, or is then forecasted to achieve, Commercial Operation, the OEB-approved revenue requirement in respect of the Facility for such Fiscal Year (or portion thereof) will be notionally allocated evenly amongst each month during such Fiscal Year (or portion thereof).

- (ii) For each month during such Fiscal Year (or a portion thereof), the amount of Base Generation Revenue allocated to ProjectCo LP will be an amount determined by the following formula:

the ProjectCo LP Forecasted Monthly Revenue Requirement for such month;

plus any Actual Base Production Surplus for such month; or

minus any Actual Base Production Shortfall for such month;

where,

“**Actual Base Production Surplus**” means, with respect to a month, an amount, which cannot be less than zero, equal to: (A) the Blended Base Rate multiplied by (B) the difference between (x) the amount of actual electricity produced by the Facility and injected into the IESO-Controlled Grid in such month (in MWh), and (y) the ProjectCo LP Forecasted Monthly Base Production Amount (in MWh) for such month.

“**Actual Base Production Shortfall**” means, with respect to a month, an amount, which cannot be less than zero, equal to: (A) the Blended Base Rate multiplied by (B) the difference between (x) the ProjectCo LP Forecasted Monthly Base Production Amount (in MWh) for that month, and (y) the amount of actual electricity produced by the Facility and injected into the IESO-Controlled Grid in such month (in MWh).

5.4 DVA Generation Revenue Allocation Methodology

- (a) In any Fiscal Year (or a portion thereof), the DVA Generation Revenue will be allocated as between ProjectCo LP (in respect of DVA Generation Revenue attributable to the Facility) and OPG (in respect of DVA Generation Revenue attributable to the OPG Nuclear Fleet) as follows (the “**DVA Generation Revenue Allocation Methodology**”):

- (i) The Agent will notionally allocate the OEB-approved amortization amount (which for clarity can be positive or negative) for Nuclear DVAs in respect of the Facility for such Fiscal Year (or a portion thereof) to ProjectCo LP amongst each month during such Fiscal Year (or a portion thereof) acting reasonably using the electricity production forecast for the Facility for such Fiscal Year (or a portion thereof) approved by the OEB for purposes of determining the Blended DVA Rate (each such monthly amortization amount allocation being a “**ProjectCo LP Forecasted Monthly DVA Amortization**” and each such monthly production forecast being a “**ProjectCo LP Forecasted Monthly DVA Production Amount**”, as applicable). Where the electricity production forecast for the Facility for a Fiscal Year (or a portion thereof) approved by the OEB is zero because no Unit Facility has then achieved, or is then forecasted to achieve, Commercial Operation, the OEB-approved amortization amount (which for clarity can be positive or negative) for Nuclear DVAs in respect of the Facility for such Fiscal Year (or portion thereof) will be notionally allocated evenly amongst each month during such Fiscal Year (or portion thereof).
- (ii) For each month during such Fiscal Year (or a portion thereof), the amount of DVA Generation Revenue allocated to ProjectCo LP will be an amount determined by the following formula:

the ProjectCo LP Forecasted Monthly DVA Amortization for such month;

plus any Actual DVA Production Surplus for such month; or

minus any Actual DVA Production Shortfall for such month;

where,

“**Actual DVA Production Surplus**” means, with respect to a month, an amount, which (i) in the event of a positive Blended DVA Rate cannot be less than zero and (ii) in the event of a negative Blended DVA Rate cannot be greater than zero, equal to: (A) the Blended DVA Rate multiplied by (B) the difference between (x) the amount of actual electricity produced by the Facility and injected into the IESO-Controlled Grid in such month (in MWh), and (y) the ProjectCo LP Forecasted Monthly DVA Production Amount (in MWh) for such month.

“**Actual DVA Production Shortfall**” means, with respect to a month, an amount, which (i) in the event of a positive Blended DVA Rate cannot be less than zero and (ii) in the event of a negative Blended DVA Rate cannot be greater than zero, equal to: (A) the Blended DVA Rate multiplied by (B) the difference between (x) the ProjectCo LP Forecasted Monthly DVA Production Amount (in MWh) for that month, and (y) the amount of actual electricity produced by the Facility and injected into the IESO-Controlled Grid in such month (in MWh).

5.5 IPT Generation Revenue Allocation Methodology

(a) In any Fiscal Year (or a portion thereof), the IPT Generation Revenue will be allocated as between ProjectCo LP (in respect of IPT Generation Revenue attributable to the Facility) and OPG (in respect of IPT Generation Revenue attributable to the OPG Nuclear Fleet) as follows (the “**IPT Generation Revenue Allocation Methodology**”):

(i) The Agent will notionally allocate the OEB-approved foregone payment amounts revenue, or excess payment amounts revenue, as applicable (which for clarity can be positive or negative) for any Nuclear Interim Rate Period in respect of the Facility for such Fiscal Year (or a portion thereof) to ProjectCo LP amongst each month during such Fiscal Year (or a portion thereof) acting reasonably using the electricity production forecast for the Facility for such Fiscal Year (or a portion thereof) approved by the OEB for purposes of determining the Blended IPT Rate (each such monthly revenue true-up amount allocation being a “**ProjectCo LP Forecasted Monthly IPT Amount**” and each such monthly production forecast being a “**ProjectCo LP Forecasted Monthly IPT Production Amount**”, as applicable). Where the electricity production forecast for the Facility for a Fiscal Year (or portion thereof) approved by the OEB is zero because no Unit Facility has then achieved, or is then forecasted to achieve, Commercial Operation, the OEB-approved foregone payment amounts revenue, or excess payment amounts revenue, as applicable (which for clarity can be positive or negative) for any Nuclear Interim Rate Period in respect of the Facility for such Fiscal Year (or portion thereof) will be notionally allocated evenly amongst each month during such Fiscal Year (or portion thereof).

(ii) For each month during such Fiscal Year (or a portion thereof), the amount of IPT Generation Revenue allocated to ProjectCo LP will be an amount determined by the following formula:

the ProjectCo LP Forecasted Monthly IPT Amount for such month;

plus any Actual IPT Production Surplus for such month;

minus any Actual IPT Production Shortfall for such month;

where,

“**Actual IPT Production Surplus**” means, with respect to a month, an amount, which cannot be less than zero, equal to: (A) the Blended IPT Rate multiplied by (B) the difference between (x) the amount of actual electricity produced by the Facility and injected into the IESO-Controlled Grid in such month (in MWh), and (y) the ProjectCo LP Forecasted Monthly IPT Production Amount (in MWh) for such month.

“Actual IPT Production Shortfall” means, with respect to a month, an amount, which cannot be less than zero, equal to: (A) the Blended IPT Rate multiplied by (B) the difference between (x) the ProjectCo LP Forecasted Monthly IPT Production Amount (in MWh) for that month, and (y) the amount of actual electricity produced by the Facility and injected into the IESO-Controlled Grid in such month (in MWh).

- (b) In the event that the OEB establishes a payment amount rider on account of the Combined Nuclear Fleet that is a Blended Rate and is not a Blended Base Rate, the DVA Generation Revenue Allocation Methodology or the IPT Generation Revenue Allocation Methodology shall be applied, as applicable, *mutatis mutandis*, to the allocation of revenue received as a result of such payment amount rider using the Blended Rate established in connection therewith.

5.6 Other Revenue Allocation Methodology

Other Revenue that is earned by, or is otherwise attributable to, the Facility will be allocated to ProjectCo LP and Other Revenue that is earned by, or is otherwise attributable to, the OPG Nuclear Fleet will be allocated to OPG, by the Agent in good faith and in a reasonable and non-discriminatory manner, having proper regard to all of the relevant facts and circumstances giving rise to the Other Revenue, including the extent to which ProjectCo LP on the one hand, or OPG (in its own capacity and not in its capacity as Operator or otherwise) on the other hand, provided services in connection therewith (the **“Other Revenue Allocation Methodology”**).

5.7 Settlement of Allocated Revenue

- (a) The settlement of any ProjectCo LP Revenue pursuant to this Section 5.7 shall be net of any costs or charges paid by the Agent to the IESO or set-off by the IESO on account of the Facility or ProjectCo LP, including, for clarity, the cost of electricity withdrawn from the IESO-Controlled Grid in connection with the operation of the Facility. For clarity, there shall be no reduction to ProjectCo LP Revenue by the Agent on account of amounts paid or payable by OPG to the IESO in respect of the OPG Nuclear Fleet.
- (b) Subject to Section 5.7(a), the Agent will keep all ProjectCo LP Revenue free and clear of Encumbrances and will not assign any rights, title and interests in and to such receivables without the prior written consent of ProjectCo LP.
- (c) The Agent shall not be entitled to deduct or withhold from amounts payable by it to ProjectCo LP hereunder any amount in dispute between ProjectCo LP and OPG (or any of its Affiliates) (in any capacity and pursuant to any Facility Document or other Contract between OPG (or any of its Affiliates) and ProjectCo LP) and shall not be entitled to set-off any amount payable by ProjectCo LP or ProjectCo GP to OPG (or any of its Affiliates) (in any capacity and pursuant to any Facility Document or other Contract between OPG (or any of its Affiliates) and ProjectCo LP) against any amount payable to ProjectCo LP under this Agreement.

- (d) Subject to Section 5.7(a), within five Business Days of receipt of any ProjectCo LP Revenue from the IESO, the Agent will settle with ProjectCo LP such ProjectCo LP Revenue received by the Agent by paying such ProjectCo LP Revenue to ProjectCo LP (each such settlement, a “**Settlement Payment**”).
- (e) The Agent shall not be entitled to reduce any amount payable to ProjectCo LP pursuant to this Agreement as a result of any withholding, set-off, or other reduction by the IESO of the amounts payable to OPG in respect of the Combined Nuclear Fleet, except to the extent such withholding, set-off, or reduction relates in whole or in part (in which case, to the extent of such part) to the Facility or ProjectCo LP.
- (f) For clarity, subject to Section 5.7(a), the Agent is acting as the agent and nominee of ProjectCo LP in the collection of ProjectCo LP Revenue, and such revenue, payments and any related liabilities (including those liabilities satisfied with ProjectCo LP Revenue pursuant to Section 5.7(a)), as applicable, at all times are revenue, payments or liabilities of, and belong solely to, ProjectCo LP.

5.8 Payment Error by the Agent

- (a) Each of the Agent and ProjectCo LP will deliver Notice to the other Party (a “**Payment Error Notice**”) upon learning of an error in the calculation or payment of the amounts payable to ProjectCo LP under this Agreement and, as soon as practicable thereafter, the Agent and ProjectCo LP will resolve such error and make any resulting payments required to correct such error, plus interest calculated at the Prime Rate *per annum*, from the date on which payment should otherwise have been made.
- (b) If the Parties are unable to rectify an error identified in a Payment Error Notice within 30 days of the delivery by a Party of such Payment Error Notice to the other Party, then the matter will be settled in accordance with the Dispute Resolution Procedure.
- (c) A Payment Error Notice must be delivered to the other Party within two years of the date on which the Party delivering such notice learned of the error in the calculation or payment of the amounts payable to ProjectCo LP under this Agreement and, after such time, Sections 5.8(a) and 5.8(b) shall be of no force or effect, except in the event of fraud, intentional misrepresentation or willful misconduct by a Party with respect to such payment.
- (d) For clarity, the provisions of this Section 5.8 do not apply to actual or alleged errors made by the IESO in its payment of Base Generation Revenue, DVA Generation Revenue, IPT Generation Revenue or Other Revenue or the application of any costs or charges payable to the IESO.

5.9 Books and Records; Information Rights; Ownership of Corporate Records and Other Documentation; Ownership of Developed IP

- (a) The Agent will keep or cause to be kept, for a period of seven years following the creation thereof (or such longer period to the extent required by Applicable Laws), complete and accurate books and records regarding the Services, including the allocation of revenues and the calculation of the ProjectCo LP Revenue, and shall make such books and records available to ProjectCo LP and ProjectCo GP and their Representatives.
- (b) The Agent shall provide ProjectCo LP with a quarterly report, in a form to be agreed by the Parties, which shall include details of all ProjectCo LP Revenue received and all Settlement Payments made.
- (c) The Agent will promptly notify ProjectCo LP in writing and provide particulars in reasonable detail in respect of:
 - (i) any material violation by OPG of its obligations pursuant to this Agreement, including a material breach of the Conditions of Performance; and
 - (ii) any correspondence from a Governmental Authority related to the Services or the Facility which has or could reasonably be expected to have a material impact on the development, construction and/or operation of the Facility or on the Equity Interests in ProjectCo LP held by any partner thereof (except for correspondence between OPG and the Province of Ontario, acting solely in its capacity as the shareholder of OPG, and routine correspondence with the OEB or the IESO).
- (d) The Parties acknowledge and agree that:
 - (i) any physical or electronic copy of Other Documentation delivered by the Agent to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the directors and/or shareholders of ProjectCo GP shall be owned by ProjectCo LP;
 - (ii) the original and all other copies of Other Documentation delivered by the Agent to ProjectCo LP, ProjectCo GP, the partners of ProjectCo LP and/or the directors and/or shareholders of ProjectCo GP shall be owned by OPG;
 - (iii) the Corporate Records shall be owned by ProjectCo LP; and
 - (iv) none of the foregoing shall in any way limit the rights of either the Licensor or the Licensee under the IP Rights Agreement, and any and all Intellectual Property Rights embodied in Other Documentation or Corporate Records shall be owned by (or licensed from a Third Party to) the Licensor.
- (e) To the extent any Intellectual Property or Intellectual Property Rights are made, developed or created by performance of the Services or otherwise pursuant to this

Agreement (“**Developed IP**”), the Parties agree that as between the Parties and the Licensors, the Developed IP shall be owned by (or licensed from a Third Party to) the Licensors. To the extent arising to or held by ProjectCo LP, in consideration for \$1.00, ProjectCo LP hereby assigns, and to the extent necessary to give effect to the preceding sentence, will cause its Representatives and any counterparty to any Project Agreement to assign, all such right, title and interest in and to the Developed IP to the Licensors. The Parties acknowledge that, as of the Effective Date, OPG is both the Agent and the Licensors. If OPG Transfers its rights, title and interests in and to this Agreement pursuant to Section 10.1, the Licensors may elect to remain a Party to this Agreement for the purposes of Section 5.9(d) and this Section 5.9(e), separate and apart from the transferee.

5.10 Audit Right

- (a) ProjectCo LP will have the right to audit, examine and make copies of the books and records of OPG relating to the performance of the Services, including the allocation of revenues and the calculation of the ProjectCo LP Revenue. The right to audit may be exercised only for the purposes of confirming whether OPG is in compliance with this Agreement. Such audit right may be exercised on 60 days Notice by ProjectCo LP to OPG. This right to audit will continue for a period of 24 months after the end of the Fiscal Year in which the particular items to be audited were reflected in the report provided pursuant to Section 5.9(b). As soon as practicable after the completion of an audit, OPG and ProjectCo LP will resolve any discrepancies noted by the audit and make any resulting payments required to correct such discrepancies, plus interest calculated at the Prime Rate *per annum*, from the date on which the discrepancy arose. If OPG and ProjectCo LP are unable to resolve such discrepancies within 30 days, then the matter will be settled in accordance with the Dispute Resolution Procedure. ProjectCo LP will:
 - (i) pay all costs and expenses of any auditor retained in connection with an audit under this Section 5.10; and
 - (ii) only retain a Third Party auditor for the purposes of an audit in connection with this Section 5.10 that is independent of the corporate auditor appointed by ProjectCo LP from time to time.

5.11 Agent Financing Cooperation

The Agent acknowledges that ProjectCo LP, its limited partners and their respective Affiliates may from time to time arrange or pursue debt, equity or other *bona fide* Third Party financings in connection with the Facility or its direct or indirect interests in ProjectCo LP. The Agent agrees to reasonably cooperate with and assist ProjectCo LP and, if ProjectCo LP so requests, any such other Persons, in responding to or complying with the reasonable requirements or reasonable due diligence requests of a *bona fide* Third Party lender or financier with respect to the obligations of the Agent hereunder in connection with any such financing, the cost of such assistance being borne exclusively by ProjectCo LP.

ARTICLE 6 PROJECTCO LP OBLIGATIONS

6.1 Compliance with Applicable Laws and Permits

- (a) ProjectCo LP will:
 - (i) comply with all Applicable Laws and not provide direction (to the extent that any such direction is required to be provided by ProjectCo LP hereunder) to the Agent that is in breach of the Conditions of Performance or that would reasonably be expected to result in a breach of the Conditions of Performance if implemented;
 - (ii) provide the Agent with any support as may be reasonably required to obtain, maintain and comply with all Applicable Laws and any Permits; and
 - (iii) comply with all Permits.
- (b) The Agent will provide ProjectCo LP with copies of all Permits and other relevant information required for ProjectCo LP to comply with Section 6.1(a)(iii).

ARTICLE 7 PAYMENTS TO THE AGENT

7.1 Payments to the Agent

- (a) ProjectCo LP will pay the Agent for all of its costs and expenses incurred or accrued in the performance of the Services or the Agent's or OPG's obligations under this Agreement (on a "no profit" basis, without any markup or premium for profit), including any costs and expenses of any equipment, material, goods, consumables, licences, Intellectual Property Rights, Agent Personnel and labour, and any other thing, activity or service, in each case, in the performance of the Services or the Agent's or OPG's obligations under this Agreement, including, for clarity, any cooperation provided by the Agent and/or OPG pursuant to Section 5.11 or Section 9.2 (collectively, "**Agent Costs**") pursuant to, and as set forth in, the MOMA.
- (b) For clarity, the Agent Costs will be paid or reimbursed under the MOMA without duplication of (i) payments or reimbursements made by ProjectCo LP to the Project Manager under the Project Management Agreement or (ii) costs that the OEB has approved for recovery by OPG, on OPG's own behalf, through payment amounts or payment amount riders established by the OEB (A) pursuant to section 78.1 of the OEB Act or (B) otherwise pursuant to Applicable Laws in respect of the output generated by OPG's generating assets that are subject to economic regulation by the OEB.
- (c) For clarity, the Parties agree that the Agent shall not be entitled to any compensation, fees, or other payments under this Agreement, other than the

reimbursement of Agent Costs as expressly provided in Section 7.1(a) and as set forth in the MOMA.

ARTICLE 8 INDEMNITY AND LIMITATION ON LIABILITY

8.1 ProjectCo LP Indemnity to OPG

ProjectCo LP will indemnify and save harmless OPG, its Affiliates, and each of its and their respective Representatives (each, an “**Agent Indemnatee**”) from and against any and all Direct Losses which may be suffered, sustained or incurred by them in connection with a Third Party Claim as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement, including the provision of the Services, by or on behalf of the Agent, except in each case (a) to the extent resulting from or arising from the fraud, intentional misrepresentation or willful misconduct of any Agent Indemnatee, or (b) any amounts for which OPG, in another capacity, is required to indemnify any ProjectCo LP Indemnatee pursuant to the MOMA, the Lease Agreement or the Project Management Agreement.

8.2 OPG Indemnity to ProjectCo LP

OPG will indemnify and save harmless ProjectCo LP, ProjectCo GP, their respective Affiliates, and each of its and their respective Representatives (each, a “**ProjectCo LP Indemnatee**”) from and against any and all Direct Losses which may be suffered, sustained or incurred by them as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to the fraud, intentional misrepresentation or willful misconduct of any Agent Indemnatee in connection with the performance or breach of this Agreement, including the provision of the Services.

8.3 Limit on Liability; Exclusive Remedy

- (a) Except as set out in Section 8.2 and Section 11.3, ProjectCo LP will have no right to Claim and/or recover from any Agent Indemnatee, and ProjectCo LP irrevocably waives, on its own behalf and on behalf of each ProjectCo LP Indemnatee and each of its Connected Persons, any and all rights, remedies and Claims that it may have against any Agent Indemnatee for, any Losses which may be suffered, sustained or incurred by or brought against one or more of the ProjectCo LP Indemnitees as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement, including the provision of the Services, by or on behalf of any Agent Indemnatee.
- (b) Without limiting Section 11.3, each Party acknowledges and agrees that such Party’s right to receive indemnification from the other Party pursuant to this Article 8 is such Party’s sole and exclusive remedy in respect of the matters that are the subject of this Article 8.

8.4 Conduct of Claims

- (a) This Section 8.4 will apply to the conduct of Third Party Claims against an Agent Indemnatee and/or ProjectCo LP Indemnatee, as applicable, having, or claiming to have, the benefit of an indemnity pursuant to this Agreement. The Agent Indemnatee and/or ProjectCo LP Indemnatee, as applicable, having, or claiming to have, the benefit of the indemnity is referred to as the “**Beneficiary**” and the Party giving the indemnity is referred to as the “**Indemnifier**”.
- (b) If the Beneficiary receives any notice, demand, letter or other document concerning any Claim for which it appears that the Beneficiary is, or may become entitled to, indemnification under this Article 8, the Beneficiary will give Notice to the Indemnifier as soon as reasonably practicable and in any event no later than 45 days after receipt of the Claim, provided that any failure to give such Notice will not affect the Indemnifier’s obligation under this Article 8 in any way unless and only to the extent that the Indemnifier is prejudiced as a result of such failure to give such Notice. Such Notice will specify with reasonable particularity, to the extent that information is available, the factual basis for the Claim and the amount of the Claim.
- (c) Subject to Sections 8.4(e), 8.4(f), 8.4(g) and 8.4(h), on the giving of such Notice by the Beneficiary, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of the liability arising out of the Claim, the Indemnifier will be entitled to dispute the Claim in the name of the Beneficiary at the Indemnifier’s sole cost and expense, and take conduct of any defence, dispute, compromise, or appeal of the Claim and of any incidental negotiations. The Beneficiary will give the Indemnifier all reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim.
- (d) The Beneficiary will have the right to employ separate counsel in respect of such Claim and the costs and expenses of such counsel will be to the account of the Beneficiary.
- (e) With respect to any Claim conducted by the Indemnifier,
 - (i) the Indemnifier will keep the Beneficiary reasonably informed and consult with it about material elements of the conduct of the Claim;
 - (ii) subject to Section 8.4(f), the Indemnifier will not pay, compromise or settle such Claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;
 - (iii) the Indemnifier will not admit liability or fault to any Third Party without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed; and

- (iv) the Indemnifier will use commercially reasonable efforts to have the Beneficiary named as a beneficiary under any release given by the Persons bringing the Claim to which this Section 8.4(e) relates.
- (f) The Indemnifier will have the right in its sole discretion to settle a Claim for which it has an indemnity obligation hereunder only if:
 - (i) the settlement involves only the payment of money and execution of appropriate releases of the Beneficiary;
 - (ii) there is no finding or admission of any violation of Applicable Laws by the Beneficiary; and
 - (iii) the Beneficiary will have no liability with respect to such compromise or settlement.
- (g) The Beneficiary will be entitled to control and assume responsibility for the defence of such Claim, at the sole cost and expense of the Indemnifier, and will be free to pay or settle any such Claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Agreement if:
 - (i) the Indemnifier fails to give Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 8.4(c) no later than 45 days after the Notice from the Beneficiary under Section 8.4(b) or gives Notice to the Beneficiary that the Indemnifier does not intend to take conduct of the Claim; or
 - (ii) the Indemnifier fails to comply in any material respect with Section 8.4(e).

Notwithstanding the foregoing provisions of this Section 8.4(g), (A) the Indemnifier may, in any event, participate in such Claim at its sole cost and expense, or (B) the Indemnifier may re-assume conduct of the defence at any time provided that same would not prejudice the Beneficiary. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to this Section 8.4(g), the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

- (h) Notwithstanding that the Indemnifier may have given Notice to the Beneficiary of its intention to take conduct of the relevant Claim pursuant to Section 8.4(c) and without in any way limiting Section 8.4(g), the Beneficiary will be free at any time to give Notice to the Indemnifier that the Beneficiary is retaining or taking over, as the case may be, the conduct of any defence, dispute, compromise or appeal of any Claim, or of any incidental negotiations, to which Section 8.4(c) applies. ProjectCo LP acknowledges and agrees that where OPG is the Beneficiary, OPG may retain or take over such conduct in any matter involving breach of confidentiality or any matter involving public policy. On receipt of such Notice the Indemnifier will promptly take all steps necessary to transfer the conduct of such Claim to the Beneficiary, and will provide to the Beneficiary all relevant documentation and all

commercially reasonable cooperation, access and assistance for the purposes of considering and resisting such Claim. Without limiting Section 8.4(g), if the Beneficiary gives any Notice pursuant to this Section 8.4(h), then the Indemnifier will be irrevocably released from any liabilities arising under the applicable indemnity hereunder in respect of the applicable Claim. For clarity, if the Beneficiary assumes control and responsibility for the defence of a Claim pursuant to Section 8.4(g), the Indemnifier will not be released from any liabilities arising under the applicable indemnity hereunder in respect of such Claim.

- (i) If the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers, whether by payment, discount, credit, saving, relief, insurance or other benefit or otherwise, a sum or anything else of value (the “**Recovery Amount**”) which is directly referable to the fact, matter, event or circumstances giving rise to the Claim under the indemnity, the Beneficiary will promptly repay to the Indemnifier whichever is the lesser of:
 - (i) an amount equal to the Recovery Amount less any out-of-pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and
 - (ii) the amount paid to the Beneficiary by the Indemnifier in respect of the Claim under the relevant indemnity,

provided that, except as contemplated in Section 8.5(a), there will be no obligation on the Beneficiary to pursue any Recovery Amount and that the Indemnifier will be repaid only to the extent that the Recovery Amount, aggregated with any sum recovered from the Indemnifier, exceeds the Direct Losses sustained by the Beneficiary except, however, that if the Beneficiary elects not to pursue a Recovery Amount, the Indemnifier will be entitled to require an assignment to it of the right to do so.

- (j) Any Person taking any of the steps contemplated by this Section 8.4 will comply with the requirements of any insurer who may have an obligation to provide an indemnity or insurance in respect of any liability arising under this Agreement.
- (k) Nothing in this Section 8.4 shall preclude an individual director or officer of a Beneficiary, if such individual director or officer is personally named in such Claim, from retaining its own counsel and participating in such Claim to the extent of such individual’s personal interests therein.

8.5 Mitigation – Indemnity Claims

- (a) Each Party will at all times take commercially reasonable steps to minimize and mitigate any Direct Losses for which such Party is entitled to, or may become entitled to, indemnification under this Article 8.
- (b) To the extent that the Indemnifier is prejudiced by the Beneficiary failing to comply with Section 8.5(a), then any such indemnity will not extend to the amount of such

Direct Losses which would have been reduced or avoided by such Party having complied with Section 8.5(a).

ARTICLE 9 TERM AND TERMINATION

9.1 Term of Agreement

- (a) The term (the “**Term**”) of this Agreement will commence on the Effective Date and will end on the earlier of:
 - (i) ProjectCo LP ceasing to be entitled to any payments from the IESO for Base Generation Revenue, DVA Generation Revenue, IPT Generation Revenue or Other Revenue on account of the termination of the Lease Agreement, ceasing to be prescribed by regulation for the purposes of section 78.1 of the OEB Act, or ProjectCo LP otherwise ceasing to be subject to payment amounts regulation by the OEB;
 - (ii) the Standalone Date; and
 - (iii) the termination of the MOMA prior to the expiration of its term.

9.2 Winding Down

Notwithstanding Section 9.1, upon the termination or expiry of this Agreement, as applicable, the Agent and ProjectCo LP will take all steps as may be reasonably required to complete any final accounting between them (including, for clarity, the final collection, allocation, and settlement of all ProjectCo LP Revenue earned prior to the date of such termination or expiry) and any other matter contemplated by this Agreement. For clarity, following such termination or expiry, OPG (directly or, if applicable, in its capacity as the Operator under the MOMA) will provide reasonable assistance to facilitate the payment by the IESO directly to ProjectCo LP of revenue and other payments earned in respect of the Facility.

9.3 No Other Rights to Terminate

Except as contemplated by Section 9.1(a), the Parties will have no rights or entitlements to terminate this Agreement, including in the event of a material breach, or to accept repudiation of this Agreement by the other Party, and will not exercise, nor purport to exercise, any such right or entitlement except as explicitly set forth in this Agreement.

9.4 Survival of Certain Provisions

Termination or expiration of this Agreement will be without prejudice to, and will not affect, Article 1, Article 4, Section 5.8, Section 5.9, Section 5.10, Article 7, Article 8, Article 9, Article 11, Article 13, Article 14, Article 15, Schedule A and any other provisions of this Agreement which are expressed to survive termination or expiration or which are required to give effect to such provisions which survive termination or expiration, all of which will survive the termination or expiration of this Agreement.

ARTICLE 10 ASSIGNMENT

10.1 Assignment by OPG

(a) OPG may not Transfer this Agreement (an “**Agent Transfer**”) without the prior written consent of ProjectCo LP (which consent may be withheld by ProjectCo LP in its sole and absolute discretion), provided that, and notwithstanding the foregoing, OPG may complete an Agent Transfer without the prior written consent of ProjectCo LP in accordance with the following (each, a “**Permitted Agent Transfer**”):

(i) subject to Section 5.9(e), section 13.1 of the Project Management Agreement and section 13.1 of the MOMA, OPG (or its Wholly-Owned Subsidiary if OPG has Transferred its rights, title and interests in and to this Agreement to its Wholly-Owned Subsidiary pursuant to Section 10.1(a)(ii)) is Transferring all of its rights, title and interests in and to this Agreement to a Qualified Successor Operator and, concurrently with such Agent Transfer,

(A) OPG (or its relevant Affiliates) has:

- I. sold, assigned, transferred or otherwise disposed of all of its rights, title and interests in and to the MOMA, the Project Management Agreement and the OPG ECA in accordance with such agreements (in each case, to the extent such agreement is then in force), and
- II. sold, assigned, transferred or otherwise disposed of all of its direct or indirect Equity Interests in ProjectCo LP and ProjectCo GP (and those held by its Affiliates) in accordance with their respective Governing Documents,

in each case, to that Qualified Successor Operator (or, in respect of the preceding Section 10.1(a)(i)(A)II, to a designee of such Qualified Successor Operator, which designee must be a Wholly-Owned Affiliate of such Qualified Successor Operator), and

(B) the Qualified Successor Operator has assumed all of OPG’s (or its relevant Affiliates’) past, present and future obligations and liabilities under the MOMA, the Project Management Agreement, the OPG ECA (in each case, to the extent such agreement is then in force) and this Agreement; or

(ii) subject to Section 5.9(e), OPG is Transferring all of its rights, title and interests in and to this Agreement to a Wholly-Owned Subsidiary of OPG, provided that OPG and such Wholly-Owned Subsidiary shall be jointly and

severally liable for all of OPG's obligations and liabilities under this Agreement;

and, in each case (items (i) and (ii) above), (x) any Consents to such Agent Transfer that are required to be obtained from any Third Party to a material Contract to which ProjectCo LP is party or from any Governmental Authority shall have been obtained, (y) such Agent Transfer does not result in a breach of Applicable Laws and (z) upon such Agent Transfer, ProjectCo LP would continue to be entitled to receive all ProjectCo LP Revenue, and provided further that OPG shall have provided to ProjectCo LP not less than 30 days' prior Notice of the proposed Agent Transfer.

- (b) In the event that a Permitted Agent Transfer is made pursuant to Section 10.1(a)(ii), the Wholly-Owned Subsidiary to which such Permitted Agent Transfer is made shall not permit the completion of any transaction that would result in such Person ceasing to be a Wholly-Owned Subsidiary of OPG unless all of such Person's rights, title and interests in this Agreement are first Transferred back to OPG or another Wholly-Owned Subsidiary of OPG in accordance with this Agreement.

10.2 Release of OPG

Upon a Permitted Agent Transfer made pursuant to Section 10.1(a)(i), OPG will be irrevocably freed and released from all past, present and future obligations and liabilities under this Agreement without further written agreement of the Parties.

10.3 Assignment by ProjectCo LP

- (a) Any Transfer by ProjectCo LP of this Agreement or ProjectCo LP's interest in this Agreement (each, a "**ProjectCo LP Transfer**") will be prohibited without the prior written consent of OPG, in its sole and absolute discretion.
- (b) Notwithstanding Section 10.3(a), ProjectCo LP may grant a security interest in its interests in this Agreement in favour of a *bona fide* arm's length Third Party commercial lender (or a collateral agent therefor), or in favour of bondholders (or trustee therefor), providing financing to ProjectCo LP if it first obtains the written consent of OPG, which consent may not be unreasonably withheld or delayed.

10.4 No Release on Transfer

Other than as contemplated by Section 10.2, neither Party will be released from its obligations under this Agreement in connection with any Agent Transfer or ProjectCo LP Transfer, as applicable. Any Transfer not expressly permitted by this Agreement will be null and void.

ARTICLE 11 DISPUTES

11.1 Dispute Resolution Procedure

All disputes, disagreements, controversies, questions or Claims arising out of or relating to this Agreement, and all other agreements entered into pursuant to the terms of this Agreement, including with respect to the formation, applicability, breach, termination, validity or enforcement thereof (collectively, “**Disputes**”) shall be determined in accordance with Schedule A, which sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of Disputes pursuant to the terms of Schedule A shall be final and binding upon the Parties to this Agreement, and there shall be no appeal therefrom, including any appeal to a court on a question of law, a question of fact, or a question of mixed fact and law. For clarity, any rights of appeal under subsections 45(1), (2) and (3) of the Arbitration Act shall not apply to an arbitration under this Section 11.1 and Schedule A.

11.2 Pendency of Disputes

The existence of a Dispute or the pendency of the dispute settlement or resolution procedures set forth in Section 11.1 and Schedule A shall not in and of themselves relieve or excuse any Party from its ongoing duties and obligations under this Agreement, including any obligation to make any undisputed payment hereunder.

11.3 Specific Performance

The Parties agree that significant damage and irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that remedies at law may be inadequate to protect against a breach of this Agreement. It is accordingly agreed that the Parties shall be each entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, without proof of actual damages, this being in addition to any other remedy to which each Party is entitled at law or in equity, subject to Section 9.3.

ARTICLE 12 REPRESENTATIONS AND WARRANTIES

12.1 ProjectCo LP Representations and Warranties

ProjectCo LP represents and warrants to OPG that:

- (a) ProjectCo LP is a limited partnership formed and validly existing and in good standing under the laws of the Province of Ontario;
- (b) ProjectCo GP is a corporation incorporated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted, on its own behalf and on behalf of ProjectCo LP;

- (c) ProjectCo LP has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by ProjectCo LP;
- (d) this Agreement has been duly authorized, executed and delivered by ProjectCo GP and constitutes a legal, valid and binding obligation of ProjectCo LP, enforceable against ProjectCo LP in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and
 - (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;
- (e) the execution and delivery by ProjectCo LP of this Agreement, and the performance by ProjectCo LP of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:
 - (i) ProjectCo GP's Governing Documents;
 - (ii) ProjectCo LP's Governing Documents;
 - (iii) any Applicable Laws; or
 - (iv) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement;
- (f) each of ProjectCo GP and ProjectCo LP is able to meet its financial obligations as they become due;
- (g) ProjectCo LP is registered under Division V of Part IX of the ETA and its registration number is 72850 9969; and
- (h) each of ProjectCo GP and ProjectCo LP is not, and will not be, a Non-Resident.

All of the representations and warranties of ProjectCo LP set forth in this Section 12.1 are true and correct on the Effective Date. ProjectCo LP will provide OPG with Notice if any of the representations and warranties of ProjectCo LP set forth in this Section 12.1 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after ProjectCo LP becomes aware of such falsity or inaccuracy, or immediately if OPG would be prejudiced by any delay in providing such Notice.

12.2 OPG Representations and Warranties

OPG represents and warrants to ProjectCo LP that:

- (a) OPG is a corporation amalgamated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted;
- (b) OPG has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by the Agent;
- (c) this Agreement has been duly authorized, executed and delivered by OPG and constitutes a legal, valid and binding obligation of OPG, enforceable against OPG in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and
 - (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;
- (d) the execution and delivery by OPG of this Agreement, and the performance by OPG of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:
 - (i) OPG's Governing Documents;
 - (ii) any Applicable Laws; or
 - (iii) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement or provide the Services;
- (e) OPG is able to meet its financial obligations as they become due;
- (f) OPG is registered under Division V of Part IX of the ETA and its registration number is 87866 4226; and
- (g) OPG is not, and will not be, a Non-Resident.

All of the representations and warranties of OPG set forth in this Section 12.2 are true and correct on the Effective Date. OPG will provide ProjectCo LP with Notice if any of the representations and warranties of OPG set forth in this Section 12.2 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after OPG becomes aware of such falsity or inaccuracy, or immediately if ProjectCo LP would be prejudiced by any delay in providing such Notice.

ARTICLE 13 CONFIDENTIAL AND PERSONAL INFORMATION

13.1 Definition of Confidential Information

- (a) For the purposes of this Agreement, “**Confidential Information**” means any information provided by a Party, or its Representatives on behalf of such Party, on the one hand (such Party, the “**Disclosing Party**”), to the other Party, or any of its Representatives on its behalf, on the other hand (such Party, the “**Receiving Party**”), in connection with this Agreement, whether before or after the Effective Date, whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, studies, derivative works, reproductions, copies, extracts, summaries or other documents containing or based upon, in whole or in part, any of the information listed above in this definition, including the terms of this Agreement, provided, however, “**Confidential Information**” shall not include Personal Information obtained by the Receiving Party (or its Representatives) from the Disclosing Party (or its Representatives) that is controlled by the Receiving Party within the meaning of applicable Privacy Laws. For clarity, if a record that constitutes Confidential Information contains Personal Information, the record (including any Personal Information contained therein) shall remain treated as Confidential Information. For clarity:
 - (i) the Licensor is deemed to be the Disclosing Party with respect to all Developed IP and all Intellectual Property Rights licensed to ProjectCo LP pursuant to the IP Rights Agreement;
 - (ii) other than the information set forth in Section 13.1(a)(iv), OPG is deemed to be the Disclosing Party with respect to any information produced, retained or otherwise maintained by the Agent in the course of performing the Services;
 - (iii) OPG is deemed to be the Disclosing Party with respect to any Other Documentation; and
 - (iv) ProjectCo LP is deemed to be the Disclosing Party with respect to all Corporate Records.

- (b) Confidential Information will not include any information which the Receiving Party can conclusively establish:
 - (i) was already lawfully in the possession of the Receiving Party on a non-confidential basis or lawfully known to the Receiving Party on a non-confidential basis prior to the disclosure of such information by or on behalf of the Disclosing Party;
 - (ii) is or was lawfully and independently developed by the Receiving Party, or on its behalf, by Persons having no access to Confidential Information at the time of such independent development;
 - (iii) is or was, at the time of disclosure, already in the public domain, or subsequently enters the public domain, in each case through no breach of the Receiving Party's confidentiality obligations under this Agreement; and for clarity, any subsequent publication of the information shall not cure any breach arising from an unauthorized disclosure by the Receiving Party; or
 - (iv) is or was lawfully obtained by the Receiving Party from an independent Person under no legal obligation to maintain the confidentiality of such information.

13.2 Treatment of Confidential Information

- (a) The Receiving Party will maintain the confidential nature of the Confidential Information and will take reasonable steps to protect the Confidential Information from unauthorized use, access and disclosure using at least those measures that it takes to protect its own Confidential Information of a similar nature, but no less than reasonable care. Confidential Information will not be used by the Receiving Party nor published, communicated or otherwise disclosed by the Receiving Party to any Person except (i) as may be required for the Receiving Party to perform its obligations or exercise its rights under this Agreement and in accordance with this Agreement, or (ii) as otherwise permitted in this Agreement, including in Section 13.3.
- (b) ProjectCo LP will not Handle Confidential Information or Personal Information provided by the Agent outside of Canada, or permit the same to be done, except to the extent that ProjectCo LP obtains prior approval from OPG, which approval may be withheld in OPG's sole discretion.
- (c) In respect of any Confidential Information disclosed by the Disclosing Party, the Receiving Party will be fully responsible for and liable to the Disclosing Party for any subsequent use or disclosure of the Disclosing Party's Confidential Information not permitted under this Agreement. For clarity and notwithstanding the foregoing, neither Party will be responsible for, or liable to the other Party for, any subsequent use or disclosure of such other Party's Confidential Information in accordance with Sections 13.4(a), 13.4(b) and/or 13.4(c).

- (d) Confidential Information will remain the property of the Disclosing Party, and no licence of any intellectual property rights, or any other right, of the Disclosing Party in respect of its Confidential Information is granted to the Receiving Party by the disclosure of the Disclosing Party's Confidential Information, except as otherwise set out in this Agreement.
- (e) The Receiving Party acknowledges that disclosure of the Confidential Information in contravention of this Article 13 may cause significant damage and irreparable harm to the Disclosing Party and that remedies at law may be inadequate to protect against a breach of this Article 13, and the Receiving Party hereby agrees in advance to the granting of injunctive relief in the Disclosing Party's favour, without proof of actual damages, in addition to any other remedy the Disclosing Party may be entitled to at law or in equity.
- (f) Immediately following (i) the expiration or sooner termination of the Term, or (ii) where OPG is the Receiving Party and there has been an Agent Transfer pursuant to Section 10.1(a)(i), at the written request of the Disclosing Party, the Receiving Party will, at the Disclosing Party's option, delete, destroy or return to the Disclosing Party all Confidential Information supplied by or on behalf of the Disclosing Party, no later than 60 days after receiving Notice of such a request therefor, provided that the Receiving Party will be entitled to retain one copy of such Confidential Information for record keeping purposes and provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having Confidential Information of the Disclosing Party therein (except with respect to its one permitted copy for record keeping purposes).
- (g) In the event that the Receiving Party discloses Confidential Information that is not permitted to be disclosed under this Agreement, the Receiving Party agrees to use commercially reasonable efforts to recover all copies of such Confidential Information and provide Notice to the party receiving such Confidential Information as to the confidential nature of the Confidential Information. In the event that the Disclosing Party inadvertently supplies Confidential Information that the Receiving Party is not entitled to receive under this Agreement, then the Disclosing Party may send Notice to the Receiving Party requesting a return of all copies of such Confidential Information and the Receiving Party agrees to, as far as reasonably practicable, return all copies of Confidential Information, provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having any copies of such documents therein.
- (h) Notwithstanding anything in Section 13.2(g), in the event that a Receiving Party becomes aware of any theft, loss or unauthorized access, use or disclosure of

Confidential Information of the Disclosing Party (a “**Confidentiality Incident**”), the Receiving Party shall (i) promptly, and in any event within 24 hours, notify the Disclosing Party of the Confidentiality Incident and promptly share any information reasonably requested by the Disclosing Party with respect to the Confidentiality Incident during the course of the response to the Confidentiality Incident, (ii) work to promptly contain and remediate the Confidentiality Incident, and (iii) cooperate with the Disclosing Party’s reasonable requests in the Disclosing Party’s efforts to mitigate its risks or harms arising from the Confidentiality Incident. The Parties acknowledge and agree that (A) communications between each other with respect to a Confidentiality Incident are for the purpose of the Parties receiving legal advice with respect to the Confidentiality Incident and its risks, and (B) such communications are subject to the common-interest exception to the waiver of privilege.

- (i) Where the Disclosing Party anticipates disclosing Confidential Information of a particularly sensitive nature to the Receiving Party, the Disclosing Party can request that the Receiving Party apply certain safeguards to the information in question. The Receiving Party will follow the request except that it can refuse part or all of such a request where the request is not commercially reasonable or impossible in the circumstances.

13.3 Disclosure of Confidential Information

- (a) Notwithstanding Section 13.2, a Receiving Party may disclose Confidential Information of the Disclosing Party:
 - (i) (A) to its Affiliates, partners and shareholders and other direct or indirect holders of Equity Interests in its Affiliates, partners or shareholders, and each of its and their respective Representatives, in each case who have a need to know in respect of the performance of the Receiving Party’s obligations or exercise of the Receiving Party’s rights under this Agreement or otherwise in connection with their direct or indirect investment in ProjectCo LP or ProjectCo GP, (B) in the case of OPG or any Crown corporation or other agency of the Province of Ontario that directly or indirectly holds Equity Interests in a partner of ProjectCo LP or a shareholder of ProjectCo GP, to the Province of Ontario, the Government of Ontario, any Ministry thereof and any of their respective Representatives who have a need to know in respect of the performance of the Receiving Party’s obligations or the exercise of the Receiving Party’s rights under this Agreement or otherwise in connection with their direct or indirect investment in ProjectCo LP, and (C) in the case of any partner of ProjectCo LP or shareholder of ProjectCo GP Controlled by the Government of Canada, to its investment manager, any of its Affiliates and each of its and their respective Representatives, in each case who have a need to know for the purposes of managing a direct or indirect investment in ProjectCo LP or ProjectCo GP and any ancillary purposes thereto; provided that, in each case, such Person has been informed of the Receiving Party’s

confidentiality obligations hereunder and is under obligations substantially similar to, and at least as stringent as, the Receiving Party's own confidentiality obligations hereunder;

- (ii) as required by Applicable Laws, provided that, where permitted by Applicable Laws, prior to any such disclosure, the Disclosing Party will be promptly notified by the Receiving Party of the proposed disclosure and the Receiving Party will, at the Disclosing Party's request, take reasonable steps to allow the Disclosing Party, at the Disclosing Party's sole cost and expense, to contest the requirement for disclosure and/or limit the disclosure of Confidential Information to only such portions as are required by Applicable Laws or to obtain an order or ruling to preserve the confidentiality of such Confidential Information;
- (iii) except and to the extent that legal privilege applies to such Confidential Information, as necessary in connection with any Dispute so long as such disclosure is made on a confidential basis in accordance with the Dispute Resolution Procedure or as necessary in connection with any Third Party Claim in respect of this Agreement;
- (iv) in the case of OPG, to the Agent Parties and the Agent Personnel, in each case, if required in connection with the Leased Premises, the Facility or the Services, provided that OPG has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, OPG to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder;
- (v) to the extent necessary, to any financial institution or other Person from whom equity or debt financing is being sought (including any guarantor or provider of guarantee programs with respect to such debt financing) and to their respective Representatives in connection with any proposed equity or debt financing to be obtained or sought by the Receiving Party or any of its partners or shareholders in respect of the Facility (including as equity investor or lender to a direct or indirect holder of an Equity Interest in the partners of ProjectCo LP or shareholders of ProjectCo GP), provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (vi) to the extent necessary, to the IESO or any Crown corporation or other agency of the Province of Ontario that enters into a power purchase agreement, a contract for differences or other similar Contract for the sale

of electricity with the Receiving Party for all purposes of such Contract, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;

- (vii) to the extent necessary, to the Transmission Company and any local distribution company, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (viii) to the OEB, including the OEB's staff, and to any Representatives of OEB-approved regulatory Proceeding intervenors, provided that the Receiving Party uses commercially reasonable efforts to request that Confidential Information be given confidential treatment by the OEB in an OEB regulatory Proceeding if warranted in the circumstances (in the reasonable judgement of OPG, consistent with the OEB's then current practice directions, policies or guidance on confidential filings and OPG's own practices in respect of the treatment of its own confidential information by the OEB);
- (ix) to any Governmental Authority, in connection with obtaining and/or maintaining the Permits, provided, however, that the Receiving Party shall label documents or correspondence containing such Confidential Information as subject to exemption from further disclosure under Access Laws, where reasonably applicable;
- (x) to the extent necessary, to any nuclear industry organization to which OPG is a member (including the World Association of Nuclear Operators), provided that such organization has been informed of OPG's confidentiality obligations hereunder and agrees in writing to hold such Confidential Information confidential on terms substantially similar to, and no less stringent than, the confidentiality obligations of OPG with respect to Confidential Information hereunder; and
- (xi) to the extent necessary, to any potential purchaser, lessee or transferee of the Facility or any potential purchaser of any direct or indirect Equity Interests in the Receiving Party, to any lender in connection with the financing thereof, and, in each case, to their respective Representatives, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into

a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder.

- (b) The Receiving Party shall be responsible to the Disclosing Party for any failure to perform or observe, or any breach of, an obligation of the Receiving Party set forth in this Article 13 by any Person to whom such Receiving Party has disclosed Confidential Information. For the purposes of this Article 13, if the Disclosing Party discloses Confidential Information to a Representative of the Receiving Party directly, the Receiving Party shall be deemed to have disclosed such Confidential Information to such Representative.

13.4 Freedom of Information and Protection of Privacy Act and Access to Information Act

- (a) The Parties acknowledge and agree that: (i) OPG, the Province of Ontario, ProjectCo LP, and other Persons, are or may be subject to Access Laws; and (ii) OPG, the Province of Ontario, ProjectCo LP and other Persons subject to Access Laws will be permitted, subject to Section 13.4(b) in respect of the Parties, to disclose Confidential Information where required under such Access Laws notwithstanding anything else in this Article 13. The confidentiality covenants contained in this Agreement are expressly subject to any and all obligations and requirements that may exist or may in the future arise under Access Laws, including all disclosure obligations.
- (b) A Party that receives a request under an Access Law that impacts the Confidential Information of the other Party will, in accordance with the requirements of Access Laws, advise the impacted Party of the request and provide the impacted Party with an opportunity to make submissions as to why the Confidential Information is exempt from disclosure under the Access Law.
- (c) The Parties acknowledge and agree that the ATIA may apply to Confidential Information disclosed by a Party to the CNSC. The Receiving Party will take commercially reasonable measures to preserve the confidentiality of any Confidential Information disclosed by such Receiving Party to the CNSC, including by ensuring that any such Confidential Information disclosed to the CNSC is clearly marked as confidential.
- (d) The provisions of this Section 13.4 will prevail over and in lieu of any other applicable provisions in this Agreement that conflict with the provisions of this Section 13.4.

13.5 Personal Information

- (a) For the purposes of this Agreement, “**Personal Information**” means any information that is both (i) about an identifiable individual or otherwise governed by Applicable Laws relating to privacy, and (ii) under the possession, custody or

control of a Party or Handled by that Party or its Representatives on behalf of that Party in connection with the Services or a Party's obligations under this Agreement.

- (b) Each Party will Handle and safeguard Personal Information in accordance with Applicable Laws, including Applicable Laws governing privacy and the security of Personal Information ("**Privacy Laws**").
- (c) Each Party will promptly inform the other Party of any loss, theft or accidental or unauthorized Handling of Personal Information that may materially impact the other Party or the Services. The Parties will cooperate on any response, investigation or mitigation or steps related thereto.
- (d) Each Party is responsible for their respective compliance with Privacy Laws, and will cooperate in good faith with the other Party in their respective efforts to comply with Privacy Laws in connection with this Agreement. Each Party will provide in a timely manner, all necessary and reasonable information and co-operation to the other Party and to any Governmental Authorities with jurisdiction or oversight over Privacy Laws in connection with any investigations, audits or inquiries made by any such Governmental Authorities under Privacy Laws relating to the Handling of Personal Information in connection with the Services or any Party's rights and obligations under this Agreement.
- (e) To the extent of any conflict or inconsistency between this Section 13.5 and Section 13.2 or Section 13.3, this Section 13.5 will prevail.

13.6 Compliance with the IPA

The Parties acknowledge that certain Confidential Information is also subject to the covenants, restrictions and obligations concerning the Handling of confidential information set forth in the IPA. With respect to such Confidential Information, the provisions of this Agreement are subject to the terms of the IPA and, in the event of any conflict between any provision of this Agreement and the IPA concerning such Confidential Information, the provisions of the IPA shall prevail.

ARTICLE 14 NOTICES

14.1 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by e-mail or by delivery as hereafter provided. Any such notice or other communication will be deemed to have been received (i) if transmitted by e-mail before 5:00 pm (Toronto time) on a Business Day, on the date of such transmission and if not transmitted before such time, the next Business Day and (ii) if delivered by hand, at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section 14.1. Notices and other communications will be addressed as follows:

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(a) if to OPG or the Agent:

Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

(b) if to ProjectCo LP:

c/o
Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any Party pursuant to or in connection with any arbitration procedures contained in the Dispute Resolution Procedure may only be delivered by hand.

The failure to send or deliver a copy of a notice or other communication to a Party's counsel, as the case may be, shall not invalidate such notice or other communication given under this Section 14.1.

ARTICLE 15 GENERAL PROVISIONS

15.1 Waiver of Indirect Losses

Notwithstanding anything herein to the contrary, in no event shall a Party be liable to the other Party, any Connected Persons of such other Party or any indemnitee of such other Party (being the Agent Indemnites for OPG or the ProjectCo LP Indemnites for ProjectCo LP) for any Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement by any Party, including the provision of the Services by or on behalf of any Agent Indemnitee. Accordingly, each Party irrevocably waives, on its own behalf and on behalf of each of its Connected Persons and indemnitees, any and all rights, remedies and Claims that it may have against the other Party for Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement by any Party, including the provision of the Services by or on behalf of any Agent Indemnitee.

15.2 Time of the Essence

Time is of the essence of this Agreement, provided that the Parties agree that this Agreement may not be terminated other than in accordance with Section 9.1.

15.3 Third Party Beneficiaries

- (a) Except as provided in this Section 15.3, this Agreement is for the sole benefit of the Parties and nothing herein, express or implied, is intended to or shall confer upon any other Person, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- (b) It is the intention of ProjectCo LP to constitute OPG as a trustee for the Agent Indemnites not a party to this Agreement of the obligations, covenants, acknowledgements, waivers and releases of ProjectCo LP (on behalf of itself, its Connected Persons and/or the ProjectCo LP Indemnites) to the benefit of the Agent Indemnites under this Agreement, and OPG agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.

- (c) It is the intention of OPG to constitute ProjectCo LP as a trustee for the ProjectCo LP Indemnitees not a party to this Agreement of the obligations, covenants, acknowledgements, waivers and releases of OPG (on behalf of itself, its Connected Persons and/or the Agent Indemnitees) to the benefit of the ProjectCo LP Indemnitees under this Agreement, and ProjectCo LP agrees to accept such trust and to hold and enforce such obligations, covenants, acknowledgements, waivers and releases on behalf of each such Person.

15.4 Governing Law

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Province of Ontario.
- (b) All Disputes are to be determined in accordance with Article 11. Except as otherwise provided in Article 11, each of the Parties acknowledges and agrees it has elected to submit to a court of competent jurisdiction in the Province of Ontario and each Party hereto irrevocably and unconditionally attorns and submits to the jurisdiction of such courts. Each Party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to the bringing of any such Proceeding in any such court, including any objection that the place where such court is located is a forum non conveniens or that there is any other Proceeding in any other place relating in whole or in part to the same subject matter. Each Party hereto agrees that any judgment or order in any such Proceeding brought in such a court shall be conclusive and binding upon it and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a Proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders, provided that service of any required process is effected upon it in the manner specified in Section 14.1 or as otherwise permitted by Applicable Laws.
- (c) The Parties confirm that it is their express wish that this Agreement, as well as any other documents relating to this Agreement, including Notices, Schedules and authorizations, have been and will be drawn in the English language only. *Les parties aux présentes confirment leur volonté expresse que cette convention, de même que tous les documents s'y rattachant, y compris tous avis, annexes, pièces et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

15.5 Entire Agreement

The Facility Documents constitute the entire agreement between the Parties pertaining to the subject matter of the Facility Documents and supersede all other prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. There are no warranties, conditions, or representations (including negligent

misrepresentations and any that may be implied by statute) and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in the Facility Documents. No reliance is placed on any warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into the Facility Documents by any Party or any of its Representatives, to the other Party or any of its Representatives, except to the extent that the same has been reduced to writing and included as a term of the Facility Documents and no Party has been induced to enter into the Facility Documents or any amendment or supplement by reason of any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact. Accordingly, there shall be no liability, whether at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, assessed in relation to any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.

15.6 Amendment and Modification

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

15.7 Change in Applicable Law

If there is a change in Applicable Laws that changes the manner and mechanism by which the IESO settles and pays amounts owing to OPG for revenue earned on account of the Combined Nuclear Fleet (as distinguished from a change in the amounts paid or payable to Agent on such account), the Parties agree to engage in good faith negotiations to agree on appropriate and reasonable amendments to this Agreement to provide for the continued provision of the Services in a manner as nearly as possible to the manner in which the Services were provided prior to such change in Applicable Laws. For clarity, a change in Applicable Laws that changes the amounts paid or payable to OPG on account of the Combined Nuclear Fleet is not a change in Applicable Laws that changes the manner and mechanism by which the IESO settles and pays amounts owing to Agent for revenue earned on account of the Combined Nuclear Fleet and is therefore not subject to this Section 15.7.

15.8 Waiver

No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

15.9 Further Assurances

Each Party will promptly do, take, execute or deliver or cause to be done, taken, executed or delivered all such further acts, steps, deeds, documents, assurances and things as the other Party may reasonably require from time to time for the purpose of giving effect to this Agreement and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

15.10 Limited Liability of Partners

OPG acknowledges and agrees that (a) ProjectCo LP is a limited partnership formed under the laws of the Province of Ontario, the general partners of which are (i) OPG Financing LP, a limited partnership existing under the laws of the Province of Ontario, and (ii) ProjectCo GP; and (b) in the event of any Claim in connection with this Agreement, in no event will OPG have any recourse against the assets of any Person (including a general partner or limited partner of ProjectCo LP or any current or former Representative thereof), other than recourse against the assets of ProjectCo LP itself and the assets of ProjectCo GP.

15.11 Waiver of Sovereign Immunity

Any Party that has a right to claim sovereign immunity for itself or any of its assets hereby waives any such immunity to the fullest extent permitted by Applicable Laws. This waiver includes immunity from: (a) any expert determination, or arbitration proceedings commenced pursuant to this Agreement; (b) any judicial, administrative or other proceedings to aid the expert determination or arbitration commenced pursuant to this Agreement; and (c) any effort to confirm, enforce or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from an arbitration or any judicial or administrative proceedings commenced pursuant to this Agreement. Each Party acknowledges that its rights and obligations hereunder are of a commercial nature and not a governmental nature. The Parties acknowledge and agree that, as of the Effective Date, OPG does not have the right to claim sovereign immunity for itself or any of its assets under Applicable Laws.

15.12 Successors and Assigns

This Agreement will be binding upon and enure to the benefit of the Parties and, to the extent permitted hereunder, their respective successors and assigns.

15.13 Counterparts

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized officer or officers as of the date first written above.

DNNP LP, by its managing general partner,
DNNP GP INC.

By:  Signed by:
02F1E7296ABE4E2...
Name: James Brewer
Title: President

ONTARIO POWER GENERATION INC.

By:  Signed by:
ED3AB8197958429...
Name: Aida Cipolla
Title: Chief Financial Officer &
Chief Administrative Officer

By:  Signed by:
8F9667BDEB174FE...
Name: Carlton Mathias
Title: Chief Legal, ESG and
Governance Officer

SCHEDULE A

DISPUTE RESOLUTION PROCEDURE

DEFINITIONS

1. In this Schedule A, capitalized terms not otherwise defined in this Schedule A will have their respective meanings as set forth in the ADRIC Rules (as defined below) or the Agreement, as applicable, and the following capitalized terms have the meanings given below:
 - (a) **“ADRIC Rules”** means the ADR Institute of Canada, Inc. Arbitration Rules applicable to the arbitration pursuant to paragraph 2;
 - (b) **“Answer to the Notice of Arbitration”** means the response to a Notice of Arbitration to be provided by the Respondent(s) in accordance with the ADRIC Rules;
 - (c) **“Arbitrator”** means the arbitrator appointed pursuant to paragraph 12;
 - (d) **“Claimant”** means any Party that commences an arbitration pursuant to paragraph 7;
 - (e) **“Consolidation Arbitrator”** has the meaning attributed thereto in paragraph 17(b);
 - (f) **“Hearing”** means the hearing on the merits of the Dispute;
 - (g) **“Notice of Arbitration”** means the written notice a Claimant delivers to each of the Respondents in accordance with the ADRIC Rules to commence an arbitration pursuant to paragraph 7;
 - (h) **“Objection”** means the Respondent(s)’ objection to the Claimant’s Arbitrator nominee pursuant to paragraph 12;
 - (i) **“paragraph”** means a paragraph of this Schedule A;
 - (j) **“Party”** means a party to a Dispute and **“Parties”** means the parties to the Dispute;
 - (k) **“Respondent”** means a Party who is not the Claimant, and the term **“Respondents”** shall, where there is only one Respondent, refer to that Respondent;
 - (l) **“Senior Leaders Meeting”** has the meaning attributed thereto in paragraph 10; and
 - (m) **“Tribunal”** means the three arbitrators appointed pursuant to paragraph 12.

GENERAL

2. All Disputes which are to be determined according to the terms of this Schedule A pursuant to Article 11 of the Agreement shall be resolved by final and binding arbitration under the ADR Institute of Canada, Inc. Arbitration Rules (the “**ADRIC Rules**”) in force at the time that the Notice of Arbitration is served, except to the extent that the ADRIC Rules are modified by the provisions of the Agreement or this Schedule A.
3. The seat of the arbitration shall be Toronto, Ontario.
4. The language of the arbitration shall be the English language.
5. All Hearings shall be conducted in Toronto, Ontario. Case conferences shall be held virtually, unless the Parties agree otherwise or the Arbitrator or Tribunal orders a case conference in person. Any case conference or Hearing, or portion thereof, may be held virtually if agreed by the Parties or so decided by the Arbitrator or Tribunal.
6. All notices or other communications required or permitted to be given under this Schedule A to a Party shall be given in the manner specified in Article 14 of the Agreement. All notices or other communications and all other documents required or permitted by this Schedule A to be given by the Parties to the Arbitrator or Tribunal shall be given in accordance with the Arbitrator’s or Tribunal’s instructions.

COMMENCEMENT OF ARBITRATION AND ESCALATION MECHANISM

7. A Party shall commence an arbitration as Claimant by delivering a written notice of arbitration (the “**Notice of Arbitration**”) to each Respondent in accordance with the ADRIC Rules.
8. A Party may deliver a single Notice of Arbitration and commence a single arbitration with respect to a Dispute or Disputes arising out of, or relating to, more than one of the Facility Documents, regardless of whether the Dispute or Disputes under the separate Facility Documents are factually or legally related.
9. The Notice of Arbitration shall include the name of the person the Claimant nominates as an arbitrator. If there are two or more Claimants, they shall jointly nominate an arbitrator; if they are unable to agree on an arbitrator, any such Claimant may request ADRIC to nominate the arbitrator.
10. Within 30 days of service of the Notice of Arbitration, senior leaders of the Parties will meet at least once to discuss resolution of the dispute (a “**Senior Leaders Meeting**”). The arbitration shall be suspended during this 30-day period. Unless the Dispute has been resolved or the period for these discussions is extended by agreement of the Parties, once the 30 day period expires, the remaining arbitration procedures will continue. If a Party refuses to attend such a meeting, the remaining arbitration procedures will continue on expiry of the 30 day period set out in this paragraph.

11. The Respondent(s) shall serve an Answer to the Notice of Arbitration within 21 days after the date of expiry of the period for the Senior Leaders Meeting.

APPOINTMENT PROCEDURE

12. Where an arbitrator has been nominated by the Claimant(s) in its/their Notice of Arbitration, as provided for by paragraph 9, the arbitrator shall be appointed as the sole Arbitrator to resolve the Dispute unless, within 21 days after the period for Senior Leaders Meeting expires, by notice to the Claimant(s), a Respondent objects to the Claimant's/Claimants' appointee (the "**Objection**"). In the event of such an objection, the arbitration will be decided by a three-member tribunal (the "**Tribunal**") appointed as follows:
 - (a) the Claimant(s) will appoint a co-arbitrator within 10 days of the Objection. The Claimant(s) may appoint the same individual it/they originally nominated as the sole arbitrator as its/their co-arbitrator. If there are two or more Claimants, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Claimant may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (b) the Respondent(s) will appoint a co-arbitrator within 10 days of the Claimant(s)' arbitrator appointment. If there are two or more Respondents, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Respondent may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (c) the Parties will confer to jointly appoint a third arbitrator to chair the Tribunal within 10 days from the Respondent(s)' arbitrator appointment;
 - (d) if no agreement is reached by the Parties regarding appointment of the chair of the Tribunal within 10 days of the Respondent(s)' arbitrator appointment, unless the Parties agree to extend that timeline, the two Party-appointed arbitrators will appoint an arbitrator to chair the Tribunal within a further 10 days; and
 - (e) if no agreement is reached by the Party-appointed arbitrators regarding appointment of the chair of the Tribunal within the further 10 day period specified above, unless the Parties agree to extend that timeline, either Party may request ADRIC to appoint the chair of the Tribunal.

HEARING AND AWARD

13. The Hearing shall take place at a date, time and place fixed by the Arbitrator or Tribunal within 270 days of the appointment of the Arbitrator or Tribunal, or at such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

14. The Arbitrator's or Tribunal's award on the merits of the Dispute shall be delivered within 90 days of the conclusion of the Hearing, or by such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

CONFIDENTIALITY

15. The Parties desire that any Dispute should be conducted in strict confidence and that there shall be no disclosure to any Person of the existence of the Dispute or any aspect of the Dispute except as set out in this paragraph 15.

All matters relating to, all information and evidence presented in the course of, all submissions made in the course of, and all documents produced in accordance with a Proceeding under this Schedule A or any order of the Arbitrator or Tribunal or created in the course of or for the purposes of an arbitration, as well as any arbitral award, shall be kept confidential and shall not be disclosed to any Person except where such material constitutes Confidential Information under Section 13.1 of the Agreement and disclosure is permitted pursuant to Section 13.3(a) or Section 13.4(a) of the Agreement and except in the following circumstances, in which case the Parties also agree to use commercially reasonable efforts to try to obtain confidentiality orders or other confidentiality protections appropriate in the applicable context:

- (a) as is necessary for the resolution of the Dispute, as set out above in this paragraph 15;
 - (b) in connection with an application of a Party to set aside an arbitral award under section 46 of the Arbitration Act;
 - (c) as required to enforce an arbitral award;
 - (d) as required or permitted by Applicable Laws;
 - (e) by an order of an Arbitrator or Tribunal made pursuant to a motion or application on notice to all Parties; or
 - (f) for any other reason, with the prior written consent of all Parties, which reason may include such disclosure being required by a Party for pursuit or defence of a legal right or obligation (including with respect to Third Parties and Third Party Claims, as defined in the Agreement, or as required by a Party's insurer), in which case no Party shall unreasonably withhold or delay its consent.
16. The Parties acknowledge that certain information involved in or relevant to a Dispute may be considered DOE-Controlled Information (as defined in section 18.6 of the MOMA) and they will establish appropriate information protocols in such event, including in relation to any discovery and production processes.

CONSOLIDATION AND JOINDER

17. The Parties agree that the Facility Documents are substantially related and that it is in the interests of justice and efficiency that Disputes under two or more of them be resolved by a single Arbitrator or Tribunal whenever possible. To this end, the Parties agree that:

- (a) In the event that two or more Disputes under any of the Facility Documents are not advanced in the same Notice of Arbitration, the Parties to the subject Disputes may, acting reasonably in view of the just and efficient resolution of the Disputes, consent to consolidate the separate arbitrations on such terms as they may agree. In the event that a Party proposes consolidation of a Dispute in connection with an asserted legal right or obligation of one or all of the Parties, whether or not related to the Facility Documents, the Parties may, in their discretion, agree to consolidation.
- (b) In the event that all of the Parties to the separate arbitrations do not consent to their consolidation, any Party to one of the subject arbitrations may serve a Notice of Arbitration to have the question of whether the subject arbitrations should be consolidated determined by final and binding arbitration by a sole arbitrator, who shall act as the consolidation arbitrator (“**Consolidation Arbitrator**”). The Parties to the subject arbitrations will agree on who shall serve as Consolidation Arbitrator. If the relevant Parties are unable to agree on the Consolidation Arbitrator, any such Party may request ADRIC to appoint the Consolidation Arbitrator. Paragraphs 3 to 6 shall apply to any Proceeding under this paragraph 17(b). Any Proceeding conducted by a Consolidation Arbitrator so appointed shall occur under ADRIC’s Expedited/Simplified Procedure unless otherwise agreed by the Parties to such Proceeding. The Consolidation Arbitrator shall determine whether the separate arbitrations should be consolidated in whole or in part based on what is just and efficient, taking into account, among other things, the identities of the Parties to the separate arbitrations, the degree to which the factual and legal issues raised in two arbitrations are interconnected, the degree to which the two arbitrations are at different procedural stages, any interest in avoiding a multiplicity of proceedings and inconsistent results and the relevant Parties’ confidentiality concerns, if any. The jurisdiction of the Consolidation Arbitrator appointed under this paragraph 17(b) shall be limited to determining whether to consolidate the separate arbitrations and any decisions related to the practical implementation of such consolidation. In the event consolidation is ordered, unless otherwise agreed, the relevant Parties shall appoint the Arbitrator or constitute the Tribunal in accordance with paragraph 12, subject to reasonable adjustments as required by the consolidated arbitration. For clarity, any Party may appoint any Arbitrator or any Tribunal member who had been appointed in any of the separate arbitrations, or the Consolidation Arbitrator, to sit as Arbitrator or Tribunal member for the consolidated arbitration. To the extent that two or more arbitrations are consolidated which are at different procedural stages, the Arbitrator or Tribunal shall hold a case conference to discuss adjustments to the procedural calendar in order to preserve the steps that had already been taken in any existing arbitration and avoid waste to the extent possible, while enabling any additional filings

required to avoid causing a Party prejudice. No arbitration shall be consolidated with another, without the Parties' consent, if the final exchange of evidence has occurred in the liability phase of the arbitration.

18. If separate arbitrations are consolidated in accordance with paragraphs 17(a) or 17(b), each party to the consolidated arbitration is deemed to have consented to such consolidation and shall be bound any award, decision or order of a Consolidation Arbitrator under paragraph 17(b).
19. If any Arbitrator was appointed or Tribunal constituted in an arbitration that is subsequently consolidated with another arbitration under paragraph 17 and the consolidation will result in the appointment of a new and different Arbitrator or Tribunal, the appointment of the former Arbitrators or Tribunals shall terminate upon the consolidation and they shall be deemed to be *functus officio*. Such termination shall be without prejudice to the date when any claim or defence was raised for the purpose of applying any limitation bar or any like rule or provision.

SCHEDULE B
RESTRICTED ACTIONS

Nil.

EXECUTION VERSION

DNNP LP

– and –

ONTARIO POWER GENERATION INC.

**AMENDED AND RESTATED
INTELLECTUAL PROPERTY RIGHTS AGREEMENT**

April 20, 2026

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**AMENDED AND RESTATED
INTELLECTUAL PROPERTY RIGHTS AGREEMENT**

THIS AMENDED AND RESTATED INTELLECTUAL PROPERTY RIGHTS AGREEMENT is made as of the 20th day of April, 2026,

BETWEEN:

DNNP LP, a limited partnership existing under the laws of the Province of Ontario, by its managing general partner, **DNNP GP INC.**

(the “**Licensee**”)

AND:

ONTARIO POWER GENERATION INC., a corporation existing under the laws of the Province of Ontario

(the “**Licensor**”)

WHEREAS:

- A. On December 31, 2025, the Parties entered into an intellectual property rights agreement (the “**Original IP Rights Agreement**”).
- B. The Licensee desires to continue to hold the Project IP License and the Licensor desires to continue to provide to the Licensee the Project IP License, subject to the terms and conditions of this Agreement.
- C. The Licensor and the Licensee desire to amend and restate the Original IP Rights Agreement in its entirety in the manner hereinafter set forth.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement (including its recitals), the following capitalized terms have the meanings given below:

- (a) “**Access Laws**” means, as applicable, FIPPA, ATIA and the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario).
- (b) “**Affiliate**” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries: (x) Controls such Person, (y) is

Controlled by such Person, or (z) is Controlled by a third Person that also Controls such Person, provided that, and notwithstanding the foregoing:

- (i) with respect to the Licensors, if the Licensors are OPG or are Controlled by OPG, “**Affiliate**” shall be limited to OPG and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by OPG, provided that the Licensee and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Licensee or ProjectCo GP) shall not be “**Affiliates**” of the Licensors for purposes of this Agreement;
- (ii) with respect to the Licensee and ProjectCo GP, if the Licensors are OPG or a Qualified Successor Operator or are Controlled by OPG or a Qualified Successor Operator and the Licensee or ProjectCo GP is Controlled by OPG or a Qualified Successor Operator, “**Affiliate**” shall be limited to any Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Licensee or ProjectCo GP, provided that, for clarity, if the Licensors are OPG or a Qualified Successor Operator or are Controlled by OPG or a Qualified Successor Operator, OPG or the Qualified Successor Operator, as applicable, and any Person Controlled by OPG or the Qualified Successor Operator, as applicable (other than the Licensee and ProjectCo GP and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Licensee or ProjectCo GP) shall not be “**Affiliates**” of the Licensee or ProjectCo GP for purposes of this Agreement; and
- (iii) following a Transfer of this Agreement by the Licensors to a Qualified Successor Operator and with respect to such Qualified Successor Operator, if such Qualified Successor Operator is Controlled by the Crown, “**Affiliate**” shall be limited to the Ultimate Parent (within the meaning of the Licensee’s Governing Documents) of such Qualified Successor Operator (or its Affiliate that is a partner of the Licensee) and any other Person that, directly or indirectly, through one or more intermediaries, is Controlled by such Ultimate Parent, provided that the Licensee and ProjectCo GP (and any Person that, directly or indirectly, through one or more intermediaries, is Controlled by the Licensee or ProjectCo GP) shall not be “**Affiliates**” of the Licensors for purposes of this Agreement.
- (c) “**Agent**” has the meaning attributed thereto in the IESO Payments Agreement. For clarity, all references to the Agent are references to the Agent in its capacity as agent under the IESO Payments Agreement, and not in any other capacity.
- (d) “**Agreement**” means this agreement and all Schedules attached hereto, which for clarity are an integral part of this agreement.
- (e) “**Applicable Laws**” means, collectively, all applicable:

- (i) federal, provincial, municipal and other laws, decrees, ordinances, instruments, codes, constitutions, treaties, orders-in-council, by-laws, codes, rules, regulations and statutes;
 - (ii) legally enforceable orders, rulings, decisions, codes, judgments, injunctions, directives, awards and writs of any Governmental Authority;
 - (iii) policies, practices, standards, guidelines, notices and industry protocols of any Governmental Authority to the extent that they have the force of law;
 - (iv) rulings, conditions and requirements of any Permits, Consents or similar rights issued by a Governmental Authority; and
 - (v) requirements under or prescribed by applicable common law or equity, including, for clarity, all Authority Requirements.
- (f) “**Arbitration Act**” means the *Arbitration Act, 1991* (Ontario).
- (g) “**ATIA**” means the *Access to Information Act* (Canada).
- (h) “**Authority Requirements**” has the meaning attributed thereto in the MOMA.
- (i) “**Bankruptcy Legislation**” has the meaning attributed thereto in Section 2.2(e).
- (j) “**Business Day**” means any day other than Saturday, Sunday or any day on which banking institutions in Toronto, Ontario are not open for business.
- (k) “**Claims**” means:
- (i) any claim, demand or complaint;
 - (ii) any court action, suit, arbitration, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure;
 - (iii) any investigation or inquiry by or before any Governmental Authority or similar body; and/or
 - (iv) any similar matter or proceeding.
- (l) “**CNSC**” means the Canadian Nuclear Safety Commission established pursuant to the NSCA.
- (m) “**Confidential Information**” has the meaning attributed thereto in Section 5.1(a).
- (n) “**Confidentiality Incident**” has the meaning attributed thereto in Section 5.2(h).

- (o) **“Connected Persons”** means, in respect of a Party, all past or present Persons who directly or indirectly own or hold (or owned or held) a direct or indirect legal or beneficial interest in any Equity Interests in such Party, but:
 - (i) only in such Person’s capacity as a past or present owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in such Party and not in any other capacity; and
 - (ii) excluding (A) a Person whose indirect legal or beneficial interest in any Equity Interests in such Party is held directly or indirectly: (1) through Equity Interests that are listed on a Recognized Stock Exchange, (2) through Equity Interests in a Private Equity Fund, excluding any Equity Interests held by the sponsor or investment manager of such Private Equity Fund (or any of their respective Affiliates), (3) through Equity Interests in the Ultimate Parent (within the meaning of the Licensee’s Governing Documents) of such Party, or (4) solely as a result of such Person being a beneficiary of a pension plan or pension fund; and (B) any Governmental Authority.
- (p) **“Consent”** means any consent, approval, authorization, waiver or notice to or from any Person, including any Governmental Authority.
- (q) **“Contract”** means any contract, obligation, agreement, arrangement, undertaking, engagement, or commitment or the like.
- (r) **“Control”** means:
 - (i) when applied to the relationship between a Person and a corporation, (A) the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, or (B) where such corporation has no share capital, the ability of such Person, whether directly or indirectly, to elect, appoint or cause the election or appointment of a majority of the directors (or equivalent governing body) of such corporation;
 - (ii) when applied to the relationship between a Person and a partnership (other than a limited partnership) or joint venture, the beneficial ownership by such Person at the relevant time of securities or ownership interests of such partnership or joint venture carrying more than 50% of the voting interests of the partnership or joint venture; or
 - (iii) when applied to the relationship between a Person and a limited partnership, the beneficial ownership by such Person at the relevant time of shares of the general partner or general partners of such limited partnership carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such general partner or general partners; and

the term “**Controlled by**” has a corresponding meaning; provided that a Person who Controls a corporation, partnership, limited partnership or joint venture (for the purposes of this definition, the “**second mentioned Person**”) shall be deemed to Control a corporation, partnership, limited partnership or joint venture which is Controlled by the second mentioned Person and so on.

- (s) “**Controlled Information**” means DOE-Controlled Information (as defined in Section 5.6(a)(ii)) or information subject to Canadian Control Permits (as defined in Section 5.7(a)(i)).
- (t) “**Corporate Records**” means:
 - (i) all Governing Documents of the Licensee and ProjectCo GP;
 - (ii) all minutes of meetings and resolutions of partners of the Licensee, and of the shareholders and directors (and any committee of directors) of ProjectCo GP;
 - (iii) the partnership unit or share certificate books, securities register, register of transfers and register of partners, directors and officers with respect to the Licensee or ProjectCo GP;
 - (iv) all materials and documentation provided to the partners of the Licensee by, or on behalf of, the Licensee or to the shareholders or directors of ProjectCo GP by, or on behalf of, ProjectCo GP pursuant to the Governing Documents of the Licensee or ProjectCo GP, excluding all Other Documentation;
 - (v) all tax records relating to ProjectCo GP or the Licensee;
 - (vi) all Contracts executed by ProjectCo GP in its own capacity or as managing general partner of the Licensee; and
 - (vii) all records related to any Claims brought by or against the Licensee or ProjectCo GP other than any such records of the Licensor in respect of a Claim brought (A) by the Licensor in any capacity, including as Landlord, Project Manager, Operator, Agent, shareholder of ProjectCo GP and/or partner of the Licensee, against the Licensee or ProjectCo GP, or (B) by the Licensee or ProjectCo GP against the Licensor in any capacity, including as Landlord, Project Manager, Operator, Agent, shareholder of ProjectCo GP and/or partner of the Licensee.
- (u) “**Crown**” means His Majesty the King in right of the Province of Ontario.
- (v) “**Disclosing Party**” has the meaning attributed thereto in Section 5.1(a).
- (w) “**Dispute Resolution Procedure**” means the procedure set out in Schedule A.
- (x) “**Disputes**” has the meaning attributed thereto in Section 3.1.

- (y) **“DNNP IP Rights”** means the Licensor’s Intellectual Property Rights used or to be used in connection with the Facility to the extent required for the Facility Purposes (including the Licensor’s rights to GEH Standard Design Project I.P., Non-Owner Party Project Site Specific Project I.P., Non-Owner Party Provided I.P., Jointly Developed I.P., Jointly Developed Site Specific I.P., and Owner Provided I.P.), but excluding: (i) any Intellectual Property Rights relating to the storage, processing, transportation or management of Nuclear Waste (as defined in the Lease Agreement) that are not required by the Licensee in order to perform the Tenant Nuclear Waste Scope (as defined in the Lease Agreement); and (ii) any Fuel Assembly I.P. and any other Intellectual Property Rights relating to nuclear fuel used or to be used at the Facility.
- (z) **“Effective Date”** means the date of this Agreement.
- (aa) **“Equity Interest”** means, in respect of any Person, (i) any and all shares or other equity or ownership interests (including common shares, preferred shares, capital stock, partnership interests, trust interests, limited liability company interests and limited liability partnership interests) in such Person; and (ii) all convertible securities and other rights convertible into or exchangeable for such shares or other equity or ownership interests in such Person (whether or not currently exercisable, exchangeable or convertible), including rights to subscribe, warrants, options, conversion privileges, and exchange rights for such shares or other equity or ownership interests in such Person.
- (bb) **“ETA”** means the *Excise Tax Act* (Canada).
- (cc) **“Export Control Regulations”** means the export control laws and regulations of United States and/or Canadian Governmental Authorities, including (i) the U.S. Department of Energy’s export regulations of nuclear technology under 10 C.F.R. Part 810 (U.S. Code of Federal Regulations) and the U.S. Department of Commerce’s export regulations at 15 C.F.R. Parts 730 *et seq.*, (ii) the NSCA, the *Export and Import Permits Act* (Canada) and the *Nuclear Non-proliferation Import and Export Controls Regulations* SOR/2000-210, and (iii) any Authority Requirements in relation to the foregoing.
- (dd) **“Facility”** means, collectively, the Unit 1 Facility and, to the extent approved by the Licensee for construction and commissioning, the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility, except to the extent a Stoppage Vote Resolution has been passed in respect of any such Unit Facility, in which case **“Facility”** means:
 - (i) in the event that one or more Stoppage Vote Resolutions are passed in respect of the Unit 1 Facility and all other Unit Facilities approved by the Licensee for construction and commissioning, each Unit Facility (to the extent in existence at the time the Stoppage Vote Resolution in respect of such Unit Facility was passed), together with any buildings, facilities,

structures and other improvements required in respect of any Wind-down Work in respect of the Unit Facilities; or

- (ii) in all other circumstances, (x) all Unit Facilities in respect of which no Stoppage Vote Resolution has been passed, together with (y) each Unit Facility in respect of which a Stoppage Vote Resolution has been passed (to the extent in existence at the time of the passage of such Stoppage Vote Resolution), together with any buildings, facilities, structures and other improvements required in respect of any Wind-down Work in respect thereof.
- (ee) **“Facility Documents”** means, collectively, this Agreement, the IESO Payments Agreement, the Lease Agreement, the MOMA and the Project Management Agreement.
- (ff) **“Facility Purposes”** means the design, engineering, construction and commissioning and turnover, regulatory licensing, qualification, operation, tooling development, decommissioning, maintenance, repair, inspection, analysis, equipping, life extensions, refurbishment, alteration, improvement, security, safety, dismantling, demolition, and operations supporting refueling, in each case, of the Facility, including the operation of, maintenance of, training for, troubleshooting for, response to events in respect of, evaluation of performance in respect of, scheduling of, investigations of, obtaining insurance for, performing assessments of, manufacturing equipment and spare parts for, regulatory approval of, and testing of and improvements in respect of, the Facility.
- (gg) **“FIPPA”** means the *Freedom of Information and Protection of Privacy Act* (Ontario).
- (hh) **“Fuel Assembly I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.
- (ii) **“GEH Standard Design Project I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.
- (jj) **“Governing Documents”** means, with respect to any Person: (i) if a corporation or company, its articles and any by-laws; (ii) if a partnership, the partnership agreement and any declaration or statement of partnership required to be filed with any Governmental Authority in order to form the partnership or maintain the limited liability of any partners; (iii) if a limited liability company, the articles and any organization or operating agreement; (iv) if a trust, the trust deed and/or declaration of trust; (v) if another type of Person, any charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (vi) to the extent applicable to all of such Person’s equity holders, shareholders’ or equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements and any other agreements or documents relating to the organization, management or operation of such Person or relating to the rights, duties and obligations of such Person’s equity

holders; and (vii) any amendment or supplement to any of the foregoing. For clarity, the Facility Documents are not Governing Documents of the Licensee or ProjectCo GP.

- (kk) **“Governmental Authority”** means: (i) any court, tribunal, judicial body or arbitral body or arbitrator; (ii) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government and any governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (iii) any subdivision or authority of any of the foregoing; and (iv) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing.
- (ll) **“Handle”** means to access, collect, use, store, communicate, disclose, or otherwise process or handle.
- (mm) **“IESO”** means the Independent Electricity System Operator continued under the *Electricity Act, 1998* (Ontario).
- (nn) **“IESO Payments Agreement”** means the amended and restated IESO payments collection, allocation and settlement agreement entered into by OPG and the Licensee on the Effective Date.
- (oo) **“Indirect Losses”** means all damages, losses, liabilities, penalties, fines, assessments, costs, expenses and charges whatsoever for or in respect of the following:
 - (i) punitive, exemplary, special or aggravated damages;
 - (ii) loss of profits or revenue, loss of use, loss of production, loss of business, cost of capital, any cost of purchasing or generating replacement power or loss of business opportunity; or
 - (iii) any other consequential loss, incidental loss or indirect loss of any nature, whether arising at law or in equity, whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, and whether suffered or allegedly suffered.
- (pp) **“Intellectual Property”** means all intangible or intellectual property of any kind, including: (i) works of authorship, including drawings and software, (ii) industrial or utility designs, (iii) inventions, discoveries, improvements, (iv) integrated circuit topographies and mask work, and (v) trade secrets, confidential information, ideas, formulas, compositions, know-how, processes, procedures, methodologies,

techniques, formulae, calculations, designs, research and development information, data, specifications, analyses, plans, maintenance information and all other technical, design, operating, construction, licensing, commissioning or decommissioning information, but excluding Trade-Marks.

- (qq) **“Intellectual Property Rights”** means all rights to Intellectual Property existing under: (i) copyright law, (ii) design patent or industrial design law, (iii) patent law, (iv) semi-conductor chip or mask work law, or (v) any other statutory provision or common law principle relating to such subject matter, including trade secret laws and laws governing confidential information, including all grants and registrations worldwide in connection with the foregoing and all other rights with respect thereto existing other than pursuant to grant or registration, all applications for any such grant or registration, and all amendments, continuations, divisions and continuations-in-part of such applications, and all corrections, reissues, patents of addition, extensions and renewals of any such grant, registration or right, but excluding Trade-Marks.
- (rr) **“IPA”** means the integrated project agreement entered into by OPG on January 1, 2023 in respect of the Unit 1 Facility, as it has been, and as it may be further amended, modified or supplemented from time to time, including, if applicable, by a supplemental agreement in respect of the Unit 2 Facility, the Unit 3 Facility and/or the Unit 4 Facility.
- (ss) **“Jointly Developed I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.
- (tt) **“Jointly Developed Site Specific I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.
- (uu) **“Landlord”** has the meaning attributed thereto in the Lease Agreement. For clarity, all references to the Landlord are references to the Landlord in its capacity as landlord under the Lease Agreement, and not in any other capacity.
- (vv) **“Lease Agreement”** means the amended and restated lease agreement entered into by OPG and the Licensee on the Effective Date.
- (ww) **“Licensee”** has the meaning attributed thereto in the preamble to this Agreement.
- (xx) **“Licensor”** has the meaning attributed thereto in the preamble to this Agreement.
- (yy) **“MOMA”** means the amended and restated management, operations, maintenance and administration services agreement entered into by OPG and the Licensee on the Effective Date.
- (zz) **“Non-Owner Party Project Site Specific Project I.P.”** has the meaning attributed thereto in schedule 20 of the IPA.

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- (aaa) “**Non-Owner Party Provided I.P.**” has the meaning attributed thereto in schedule 20 of the IPA.
- (bbb) “**Non-Resident**” means a Person that is, at the relevant time, not resident in Canada for the purposes of the Tax Act or, in the case of a Person that is a partnership, that is not, at the relevant time, a “Canadian partnership” as defined in the Tax Act.
- (ccc) “**Notice**” means notice in writing given by a Party to the other Party in accordance with the provisions of Section 6.1.
- (ddd) “**NSCA**” means the *Nuclear Safety and Control Act* (Canada).
- (eee) “**OEB**” means the Ontario Energy Board continued under the *Ontario Energy Board Act, 1998* (Ontario).
- (fff) “**Operator**” has the meaning attributed thereto in the MOMA. For clarity, all references to the Operator are references to the Operator in its capacity as operator under the MOMA, and not in any other capacity.
- (ggg) “**OPG**” means Ontario Power Generation Inc., a corporation existing under the laws of the Province of Ontario.
- (hhh) “**Original IP Rights Agreement**” has the meaning attributed thereto in the recitals to this Agreement.
- (iii) “**Other Documentation**” means all materials and documentation that are provided to the Licensee, ProjectCo GP, the partners of the Licensee and/or the shareholders and/or directors of ProjectCo GP by (i) the Operator pursuant to the terms of the MOMA, (ii) the Project Manager pursuant to the terms of the Project Management Agreement, (iii) the Agent pursuant to the terms of the IESO Payments Agreement, or (iv) the Landlord pursuant to the terms of the Lease Agreement; provided, however, that the Other Documentation shall not include any Corporate Records (other than the materials and documentation described in Section 1.1(t)(iv) which, for clarity, shall constitute “**Other Documentation**” to the extent that they meet the foregoing criteria).
- (jjj) “**Owner Provided I.P.**” has the meaning attributed thereto in schedule 20 of the IPA.
- (kkk) “**Parties**” means the Licensors and the Licensee; and “**Party**” means any one of them.
- (lll) “**Permits**” means all permissions, Consents, approvals, certificates, permits, licences, registrations, conditions, screenings, clearances, statutory agreements and similar authorizations required by Applicable Laws, including any development permits, building permits, zoning approvals, and any other planning or development permit needed, in each case, to comply with a Party’s obligations under this Agreement.

- (mmm) **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, limited liability company, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or entity however designated or constituted.
- (nnn) **“Personal Information”** has the meaning attributed thereto in Section 5.5(a).
- (ooo) **“Privacy Laws”** has the meaning attributed thereto in Section 5.5(b).
- (ppp) **“Private Equity Fund”** has the meaning attributed thereto in the MOMA.
- (qqq) **“Proceeding”** means an action, demand, suit, arbitration, complaint, grievance, claim, litigation, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, criminal, administrative or regulatory), or other dispute settlement procedure, investigation, audit or inquiry by or before any Governmental Authority or similar body, or any similar matter or proceeding.
- (rrr) **“Project IP License”** has the meaning attributed thereto in Section 2.2(a).
- (sss) **“Project Management Agreement”** means the amended and restated development and construction project management agreement entered into by OPG and the Licensee on the Effective Date.
- (ttt) **“Project Manager”** has the meaning attributed thereto in the Project Management Agreement. For clarity, all references to the Project Manager are references to the Project Manager in its capacity as project manager under the Project Management Agreement, and not in any other capacity.
- (uuu) **“ProjectCo GP”** means DNNP GP Inc., a corporation existing under the laws of the Province of Ontario and the sole managing general partner of the Licensee.
- (vvv) **“Qualified Successor Operator”** has the meaning attributed thereto in the MOMA.
- (www) **“Receiving Party”** has the meaning attributed thereto in Section 5.1(a).
- (xxx) **“Recognized Stock Exchange”** has the meaning attributed thereto in the MOMA.
- (yyy) **“Representatives”** means, with respect to any Person, that Person’s Affiliates, and each of its and its Affiliates’ directors, officers, managers, employees, personnel, secondees, augmented staff, agents, contractors, subcontractors, consultants, financial advisors, counsel, accountants and other advisors.
- (zzz) **“Schedule”** has the meaning attributed thereto in Section 1.3.
- (aaaa) **“Stoppage Vote Resolution”** has the meaning attributed thereto in the MOMA.

- (bbbb) “**Tax Act**” means the *Income Tax Act* (Canada).
- (cccc) “**Term**” has the meaning attributed thereto in the Lease Agreement.
- (dddd) “**Third Party**” means any Person other than a Party or an Affiliate of a Party.
- (eeee) “**Third Party Claim**” means, in respect of a Party, a Claim by any Person against that Party other than: (i) a Claim by an Affiliate of that Party, (ii) a Claim by another Party, or (iii) a Claim by any Person who owns or holds, directly or indirectly, a direct or indirect legal or beneficial interest in any Equity Interests in that Party and such Claim is made in that Person’s capacity as an owner or holder, directly or indirectly, of any such direct or indirect legal or beneficial interest in any Equity Interests in that Party.
- (ffff) “**Trade-Marks**” means any registered or unregistered mark, trade-mark, service mark, official mark, business or trade name, distinguishing guise, logo, insignia, seal, design or symbol, including all goodwill associated therewith.
- (gggg) “**Transfer**” means any sale, assignment, transfer or other disposition by a Party of this Agreement or any of its interests in this Agreement, including any sale, assignment, transfer or other disposition of this Agreement or interests in this Agreement made by way of receivership or seizure by legal process or by operation of law, but excluding the granting of a license or sub-license of any or all of the DNNP IP Rights; provided that, and notwithstanding the foregoing, for clarity, a direct or indirect change in the ownership of Equity Interests in such Party or any Person that directly or indirectly holds Equity Interests in such Party, including where such change results in a change of Control of such Party, is not a “**Transfer**”.
- (hhhh) “**Transmission Company**” means Hydro One Networks Inc.
- (iiii) “**Unit 1**” means the first approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, being developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology. For clarity, the associated electrical generating and other infrastructure referenced in this definition of “Unit 1” includes infrastructure that will be common to all nuclear electrical generating units forming part of the Facility.
- (jjjj) “**Unit 1 Facility**” means:
- (i) Unit 1;
 - (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 1 and/or one or more additional nuclear electrical generating units forming

part of the Facility, where determined by the Licensee to be part of the Unit 1 Facility; and

- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 1 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Licensee to be part of the Unit 1 Facility.

(kkkk) **“Unit 2”** means the second approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at the Licensee’s sole discretion.

(llll) **“Unit 2 Facility”** means:

- (i) Unit 2;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Licensee to be part of the Unit 2 Facility; and
- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 2 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Licensee to be part of the Unit 2 Facility.

(mmmm) **“Unit 3”** means the third approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at the Licensee’s sole discretion.

(nnnn) **“Unit 3 Facility”** means:

- (i) Unit 3;
- (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Licensee to be part of the Unit 3 Facility; and

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- (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 3 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Licensee to be part of the Unit 3 Facility.
- (oooo) “**Unit 4**” means the fourth approximately 300 MWe nuclear electrical generating unit, together with associated electrical generating and other infrastructure, to be developed, constructed and commissioned as part of the Facility using the BWRX-300 small modular reactor technology, at the Licensee’s sole discretion.
- (pppp) “**Unit 4 Facility**” means:
 - (i) Unit 4;
 - (ii) the buildings, facilities, equipment, materials, structures and components, surfaces, services, utilities, roadways, parking spaces, and information technology systems and software required to support the development, construction, commissioning, operation and/or maintenance of Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Licensee to be part of the Unit 4 Facility; and
 - (iii) the supporting systems, infrastructure and improvements required to develop, construct, commission, operate and/or maintain Unit 4 and/or one or more additional nuclear electrical generating units forming part of the Facility, where determined by the Licensee to be part of the Unit 4 Facility.
- (qqqq) “**Unit Facilities**” means the Unit 1 Facility, the Unit 2 Facility, the Unit 3 Facility and the Unit 4 Facility, as applicable, and “**Unit Facility**” means any one of them.
- (rrrr) “**Wind-down Work**” has the meaning attributed thereto in the MOMA.

1.2 Amendment and Restatement

Effective as of the Effective Date, pursuant to section 8.5 of the Original IP Rights Agreement, the Original IP Rights Agreement shall be and is hereby amended and restated in its entirety with this Agreement, provided that, for clarity, the rights or obligations of any Party which have accrued prior to the Effective Date shall be unaffected by the execution of this Agreement. The Parties hereby agree that this Agreement and the transactions contemplated hereby do not constitute a novation, rescission or termination of any of the rights or obligations of the Parties under the Original IP Rights Agreement.

1.3 Schedule

The following schedule (the “**Schedule**”) is attached hereto and forms a part of this Agreement:

Schedule A — Dispute Resolution Procedure

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Gender, Number and Grammatical Changes

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

1.6 Currency

All amounts in this Agreement are stated and shall be paid in Canadian currency, unless otherwise specified.

1.7 Statutes

Any reference in this Agreement to a statute or to a regulation or rule promulgated under a statute or to any provision of a statute, regulation or rule will be a reference to the statute, regulation, rule or provision, as amended, re-enacted or replaced from time to time.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement. To the extent permitted by Applicable Laws, the Parties waive any provision of Applicable Laws which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall endeavour in good faith to agree to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.9 Preparation of Agreement

The terms and conditions of this Agreement are the result of negotiations between the Parties and the Parties agree that this Agreement will not be construed in favour of or against any Party by reason of the extent that any Party or any of its Representatives participated in the preparation of this Agreement.

1.10 Miscellaneous

- (a) References containing terms such as “includes” and “including”, whether or not used with the words “without limitation” or “but not limited to”, shall be deemed to not be limited by the specific enumeration of items but shall, in all cases, be deemed to be without limitation and construed and interpreted to mean “includes without limitation” and “including without limitation”.

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- (b) Whenever the terms “will” or “shall” are used in this Agreement they shall be construed and interpreted as synonymous and to read “shall”.
- (c) The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or thing extends and shall not simply mean “if”.
- (d) The phrase “finally determined” shall mean, in respect of a matter, that such matter has been finally determined or decided by a court or tribunal of competent jurisdiction and (i) no appeal or review of such determination or decision has timely been sought if capable of being sought or (ii) any and all rights of appeal or review properly exercised have otherwise been exhausted.
- (e) References to any Person, including a Party, include the permitted successors and permitted assigns of that Person, provided that, for clarity, with respect to a Party, such successor or assign is specifically permitted pursuant to this Agreement.
- (f) The words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement unless expressly so limited.
- (g) References to Articles, Sections and Schedules are to Articles and Sections of, and Schedules to, this Agreement unless otherwise specified.
- (h) Where this Agreement states that an obligation shall be performed “no later than” or “within” or “by” a stipulated date or event which is a prescribed number of days after a stipulated date or event, the latest time for performance shall be 5:00 p.m. on the last day for performance of the obligation concerned, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (i) Where this Agreement states that an obligation shall be performed “on” a stipulated date, the latest time for performance shall be 5:00 p.m. on that day, or, if that day is not a Business Day, 5:00 p.m. on the next Business Day.
- (j) Unless the context otherwise requires, all references to “days” means calendar days.
- (k) References to from or through any date mean, unless otherwise specified, from and including or through and including, respectively.
- (l) Unless otherwise specified, any reference to time of day or date means the local time or date in Toronto, Ontario.
- (m) References to any standard, principle, Contract or document include a reference to that standard, principle, Contract or document as amended, supplemented, restated, substituted, replaced, novated or assigned from time to time.

ARTICLE 2 INTELLECTUAL PROPERTY LICENSE

2.1 Licensor Obligations to Intellectual Property

- (a) The Parties acknowledge and agree that the Licensor may deal with the DNNP IP Rights that it has at its discretion (including, for clarity, the further licensing or sub-licensing thereof), provided that any such dealing does not diminish, reduce or otherwise negatively affect in any way the Licensee's ability to use the DNNP IP Rights for the Facility Purposes pursuant to the Project IP License granted to the Licensee in accordance with this Agreement.
- (b) The Parties acknowledge and agree that any assignment, transfer or other disposition of the Licensor's right, title or interest (as applicable) to the DNNP IP Rights pursuant to Section 7.11(c) shall be deemed to comply with Section 2.1(a).
- (c) During the Term, the Licensee shall be entitled to properly and diligently protect, maintain, and enforce its rights to the DNNP IP Rights under the Project IP License in order for the Licensee to remain at all times entitled to use the DNNP IP Rights as may be necessary or advisable for the Licensee and, if applicable, ProjectCo GP to exercise the Project IP License to perform the Facility Purposes in accordance with this Agreement, and the Licensor shall, at the request, and at the sole cost and expense, of the Licensee, reasonably cooperate with such protection, maintenance and enforcement activities. If such protection, maintenance and enforcement activities cannot be carried out by the Licensee, the Licensor shall, at the request, and at the sole cost and expense, of the Licensee, use commercially reasonable efforts to perform such protection, maintenance and enforcement activities, including by using commercially reasonable efforts to exercise its rights under any Contracts relating to the DNNP IP Rights, all at the sole cost and expense of the Licensee.
- (d) If the Licensor grants a license (or sub-license, as the case may be) to use DNNP IP Rights to one or more Persons (other than the Licensee) and such other Persons, together with the Licensee, have a joint interest or are otherwise benefiting from the activities of the Licensor or the Licensee pursuant to Section 2.1(c), the Parties will use commercially reasonable efforts to explore the possibility of a cost sharing arrangement related to activities undertaken pursuant to Section 2.1(c) with such other Persons.
- (e) The Parties agree that in the event that the exercise of the Project IP License is (or is claimed or threatened to be) an infringement, misappropriation or other violation of the Intellectual Property Rights of any Third Party, the Licensee irrevocably waives, on its own behalf and on behalf of each of its Connected Persons, any and all rights, remedies and Claims that it may have against the Licensor in respect of any such actual or alleged infringement, misappropriation or other violation of the Intellectual Property Rights of any Third Party, whether arising at law or in equity, and whether based upon an action in contract, tort (including negligence and

negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, except to the extent such rights, remedies or Claims result from the Licensors' breach of its obligations hereunder.

2.2 License to Intellectual Property

- (a) The Licensors hereby grants to the Licensee, during the Term, a non-transferable, royalty-free, and non-exclusive license (or sub-license, as the case may be) to use, copy, modify, adapt, translate, make derivative works of and grant sub-licenses in respect of all of the DNNP IP Rights solely for the Facility Purposes, but for clarity, only to the extent of the Licensors' right or title in respect of the applicable Intellectual Property Rights (the "**Project IP License**"). For clarity, to the extent the Corporate Records or the Other Documentation contain any DNNP IP Rights, the Project IP License includes the right for the Licensee to use, copy, modify, adapt, translate, make derivative works of and grant sub-licenses in respect of all such DNNP IP Rights (but solely for the Facility Purposes and only to the extent of the Licensors' right or title in respect of the applicable Intellectual Property Rights).
- (b) For clarity, the Project IP License shall be used only for Facility Purposes, and any sub-licenses granted in connection therewith shall be on, and subject to, the same terms and conditions set out in Section 2.2(a) and only for Facility Purposes.
- (c) The Project IP License will automatically terminate upon the termination or expiry of the Lease Agreement.
- (d) Except as contemplated by Section 2.2(c), the Parties will have no rights or entitlements to terminate this Agreement, including in the event of a material breach, or to accept repudiation of this Agreement by the other Party, and will not exercise, nor purport to exercise, any such right or entitlement except as explicitly set forth in this Agreement.
- (e) Notwithstanding any other rights granted to the Licensee under this Agreement, the Project IP License granted by the Licensors under or pursuant to this Agreement is, and shall otherwise be deemed to be, for purposes of the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada) and any amendment or successor provision(s) thereto and any other similar legislation (the "**Bankruptcy Legislation**"), licenses of rights to "intellectual property" as such term is defined under the Bankruptcy Legislation. The Parties agree that the Licensee, as licensee of such rights and licenses, shall retain and may fully exercise all of its rights under the Bankruptcy Legislation or any similar rights provided under any other Applicable Laws and that the Licensee shall have the right to retain and enforce its rights under this Agreement and, for clarity, no inaction on the part of the Licensee shall be deemed to be an election of a particular remedy thereunder.

2.3 Assignment of Intellectual Property Rights

In consideration for \$1.00, the Licensee hereby assigns to the Licensors all Intellectual Property Rights that it owns or licenses and that arise directly from its activities undertaken for the

Facility Purposes, to the extent that the Licensee has the ability to assign such Intellectual Property Rights. To the extent any such Intellectual Property Rights cannot be assigned to the Licensor, in consideration for \$1.00, the Licensee hereby grants to the Licensor a royalty-free, non-exclusive, world-wide license (or sub-license, as the case may be) to use, copy, modify, adapt, translate, make derivative works of and grant sub-licences in respect of, the Licensee's rights to such Intellectual Property for any purpose, but for clarity only to the extent of the Licensee's right or title in respect of the applicable Intellectual Property Rights. The Parties acknowledge and agree that the Licensee does not provide any representation, warranty or covenant with respect to any such Intellectual Property Rights and shall not assume any liability whatsoever in connection with the Licensor's use of such Intellectual Property Rights.

2.4 Ownership of Corporate Records and Other Documentation

The Parties acknowledge and agree that:

- (a) any physical or electronic copy of Other Documentation delivered by the Operator pursuant to the terms of the MOMA, the Project Manager pursuant to the terms of the Project Management Agreement, the Agent pursuant to the terms of the IESO Payments Agreement, or the Landlord pursuant to the terms of the Lease Agreement, in each case to the Licensee, ProjectCo GP, the partners of the Licensee and/or the directors and/or shareholders of ProjectCo GP shall be owned by the Licensee;
- (b) the original and all other copies of such Other Documentation delivered by the Operator pursuant to the terms of the MOMA, the Project Manager pursuant to the terms of the Project Management Agreement, the Agent pursuant to the terms of the IESO Payments Agreement, or the Landlord pursuant to the terms of the Lease Agreement, in each case to the Licensee, ProjectCo GP, the partners of the Licensee and/or the directors and/or shareholders of ProjectCo GP shall be owned by OPG;
- (c) the Corporate Records shall be owned by the Licensee; and
- (d) none of the foregoing shall in any way limit the rights of either the Licensor or the Licensee under this Agreement, and any and all Intellectual Property Rights embodied in Other Documentation or Corporate Records shall be owned by (or licensed from a Third Party to) the Licensor.

ARTICLE 3 DISPUTES

3.1 Dispute Resolution Procedure

All disputes, disagreements, controversies, questions or Claims arising out of or relating to this Agreement, and all other agreements entered into pursuant to the terms of this Agreement, including with respect to the formation, applicability, breach, termination, validity or enforcement thereof (collectively, "**Disputes**") shall be determined in accordance with Schedule A, which sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of Disputes pursuant to the terms of Schedule A shall be final and binding upon the Parties to this Agreement,

and there shall be no appeal therefrom, including any appeal to a court on a question of law, a question of fact, or a question of mixed fact and law. For clarity, any rights of appeal under subsections 45(1), (2) and (3) of the Arbitration Act shall not apply to an arbitration under this Section 3.1 and Schedule A.

3.2 Pendency of Disputes

The existence of a Dispute or the pendency of the dispute settlement or resolution procedures set forth in Section 3.1 and Schedule A shall not in and of themselves relieve or excuse any Party from its ongoing duties and obligations under this Agreement, including any obligation to make any undisputed payment hereunder.

3.3 Specific Performance

The Parties agree that significant damage and irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that remedies at law may be inadequate to protect against a breach of this Agreement. It is accordingly agreed that the Parties shall be each entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, without proof of actual damages, this being in addition to any other remedy to which each Party is entitled at law or in equity, subject to Section 2.2(d).

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Licensor Representations and Warranties

The Licensor represents and warrants to the Licensee that:

- (a) the Licensor is a corporation amalgamated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted;
- (b) the Licensor has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by the Licensor;
- (c) this Agreement has been duly authorized, executed and delivered by the Licensor and constitutes a legal, valid and binding obligation of the Licensor, enforceable against the Licensor in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and

- (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;
- (d) the execution and delivery by the Licensor of this Agreement, and the performance by the Licensor of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:
 - (i) the Licensor's Governing Documents;
 - (ii) any Applicable Laws; or
 - (iii) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement;
- (e) the Licensor is able to meet its financial obligations as they become due;
- (f) the Licensor is registered under Division V of Part IX of the ETA and its registration number is 87866 4226; and
- (g) the Licensor is not, and will not be, a Non-Resident.

All of the representations and warranties of the Licensor set forth in this Section 4.1 are true and correct on the Effective Date. The Licensor will provide the Licensee with Notice if any of the representations and warranties of the Licensor set forth in this Section 4.1 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after the Licensor becomes aware of such falsity or inaccuracy, or immediately if the Licensee would be prejudiced by any delay in providing such Notice.

4.2 Licensee Representations and Warranties

The Licensee represents and warrants to the Licensor that:

- (a) the Licensee is a limited partnership formed and validly existing and in good standing under the laws of the Province of Ontario;
- (b) ProjectCo GP is a corporation incorporated and validly existing and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, authority and capacity to own its properties and assets and to carry on its business as it is currently being conducted, on its own behalf and on behalf of the Licensee;
- (c) the Licensee has all requisite power, authority and capacity to enter into and perform all of its obligations under this Agreement and to do all acts and things, and execute, deliver and perform all other agreements, instruments, undertakings and documents as are required by this Agreement to be done, executed, delivered or performed by the Licensee;

- (d) this Agreement has been duly authorized, executed, and delivered by ProjectCo GP and constitutes a legal, valid and binding obligation of the Licensee, enforceable against the Licensee in accordance with its terms, subject only to:
 - (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, moratorium, winding-up, arrangement, reorganization, fraudulent preference and conveyance and other laws of general application affecting the enforcement of creditors' rights generally; and
 - (ii) general equitable principles and the fact that the availability of equitable remedies is in the discretion of a court and that a court may stay Claims or the execution of judgments;
- (e) the execution and delivery by the Licensee of this Agreement, and the performance by the Licensee of its obligations under this Agreement, do not violate or conflict with, or constitute a default under:
 - (i) ProjectCo GP's Governing Documents;
 - (ii) the Licensee's Governing Documents;
 - (iii) any Applicable Laws; or
 - (iv) any Contract to which it is a party or by which any of its properties or assets are bound or affected where such conflict or default would have a material adverse impact on its ability to comply with this Agreement;
- (f) each of ProjectCo GP and the Licensee are able to meet its financial obligations as they become due;
- (g) the Licensee is registered under Division V of Part IX of the ETA and its registration number is 72850 9969; and
- (h) each of ProjectCo GP and the Licensee is not, and will not be, a Non-Resident.

All of the representations and warranties of the Licensee set forth in this Section 4.2 are true and correct on the Effective Date. The Licensee will provide the Licensors with Notice if any of the representations and warranties of the Licensee set forth in this Section 4.2 was false or inaccurate on the Effective Date, such Notice to be provided no later than five Business Days after the Licensee becomes aware of such falsity or inaccuracy, or immediately if the Licensors would be prejudiced by any delay in providing such Notice.

ARTICLE 5 CONFIDENTIAL AND PERSONAL INFORMATION

5.1 Definition of Confidential Information

- (a) For the purposes of this Agreement, “**Confidential Information**” means any information provided by a Party, or its Representatives on behalf of such Party, on the one hand (such Party, the “**Disclosing Party**”), to the other Party, or any of its Representatives on its behalf, on the other hand (such Party, the “**Receiving Party**”), in connection with this Agreement, whether before or after the Effective Date, whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, studies, derivative works, reproductions, copies, extracts, summaries or other documents containing or based upon, in whole or in part, any of the information listed above in this definition, including the terms of this Agreement, provided, however, “**Confidential Information**” shall not include Personal Information obtained by the Receiving Party (or its Representatives) from the Disclosing Party (or its Representatives) that is controlled by the Receiving Party within the meaning of applicable Privacy Laws. For clarity, if a record that constitutes Confidential Information contains Personal Information, the record (including any Personal Information contained therein) shall remain treated as Confidential Information. For clarity, the Licensor is deemed to be the Disclosing Party with respect to all DNNP IP Rights.
- (b) Confidential Information will not include any information which the Receiving Party can conclusively establish:
 - (i) was already lawfully in the possession of the Receiving Party on a non-confidential basis or lawfully known to the Receiving Party on a non-confidential basis prior to the disclosure of such information by or on behalf of the Disclosing Party;
 - (ii) is or was lawfully and independently developed by the Receiving Party, or on its behalf, by Persons having no access to Confidential Information at the time of such independent development;
 - (iii) is or was, at the time of disclosure, already in the public domain, or subsequently enters the public domain, in each case through no breach of the Receiving Party’s confidentiality obligations under this Agreement; and for clarity, any subsequent publication of the information shall not cure any breach arising from an unauthorized disclosure by the Receiving Party; or

- (iv) is or was lawfully obtained by the Receiving Party from an independent Person under no legal obligation to maintain the confidentiality of such information.

5.2 Treatment of Confidential Information

- (a) The Receiving Party will maintain the confidential nature of the Confidential Information and will take reasonable steps to protect the Confidential Information from unauthorized use, access and disclosure using at least those measures that it takes to protect its own Confidential Information of a similar nature, but no less than reasonable care. Confidential Information will not be used by the Receiving Party nor published, communicated or otherwise disclosed by the Receiving Party to any Person except (i) as may be required for the Receiving Party to perform its obligations or exercise its rights under this Agreement and in accordance with this Agreement, or (ii) as otherwise permitted in this Agreement, including in Section 5.3.
- (b) The Licensee will not Handle Controlled Information or Personal Information provided by the Licensor outside of Canada, or permit the same to be done, except to the extent that the Licensee obtains prior approval from the Licensor, which approval may be withheld in the Licensor's sole discretion.
- (c) In respect of any Confidential Information disclosed by the Disclosing Party, the Receiving Party will be fully responsible for and liable to the Disclosing Party for any subsequent use or disclosure of the Disclosing Party's Confidential Information not permitted under this Agreement. For clarity and notwithstanding the foregoing, neither Party will be responsible for, or liable to the other Party for, any subsequent use or disclosure of such other Party's Confidential Information in accordance with Sections 5.4(a), 5.4(b) and/or 5.4(c).
- (d) Confidential Information will remain the property of the Disclosing Party, and no licence of any intellectual property rights, or any other right, of the Disclosing Party in respect of its Confidential Information is granted to the Receiving Party by the disclosure of the Disclosing Party's Confidential Information, except as otherwise set out in this Agreement.
- (e) The Receiving Party acknowledges that disclosure of the Confidential Information in contravention of this Article 5 may cause significant damage and irreparable harm to the Disclosing Party and that remedies at law may be inadequate to protect against a breach of this Article 5, and the Receiving Party hereby agrees in advance to the granting of injunctive relief in the Disclosing Party's favour, without proof of actual damages, in addition to any other remedy the Disclosing Party may be entitled to at law or in equity.
- (f) Immediately following the expiration or sooner termination of the Term, at the written request of the Disclosing Party, the Receiving Party will, at the Disclosing Party's option, delete, destroy or return to the Disclosing Party all Confidential

Information supplied by or on behalf of the Disclosing Party, no later than 60 days after receiving Notice of such a request therefor, provided that the Receiving Party will be entitled to retain one copy of such Confidential Information for record keeping purposes and provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having Confidential Information of the Disclosing Party therein (except with respect to its one permitted copy for record keeping purposes).

- (g) In the event that the Receiving Party discloses Confidential Information that is not permitted to be disclosed under this Agreement, the Receiving Party agrees to use commercially reasonable efforts to recover all copies of such Confidential Information and provide Notice to the party receiving such Confidential Information as to the confidential nature of the Confidential Information. In the event that the Disclosing Party inadvertently supplies Confidential Information that the Receiving Party is not entitled to receive under this Agreement, then the Disclosing Party may send Notice to the Receiving Party requesting a return of all copies of such Confidential Information and the Receiving Party agrees to, as far as reasonably practicable, return all copies of Confidential Information, provided that the Receiving Party will not be required to return or destroy e-mails or back-up disks or tapes containing e-mail communications, but the Receiving Party will, in connection with its systems, back-up disks and tapes, where reasonably practicable, delete all e-mails and data files having any copies of such documents therein.
- (h) Notwithstanding anything in Section 5.2(g), in the event that a Receiving Party becomes aware of any theft, loss or unauthorized access, use or disclosure of Confidential Information of the Disclosing Party (a “**Confidentiality Incident**”), the Receiving Party shall (i) promptly, and in any event within 24 hours, notify the Disclosing Party of the Confidentiality Incident and promptly share any information reasonably requested by the Disclosing Party with respect to the Confidentiality Incident during the course of the response to the Confidentiality Incident, (ii) work to promptly contain and remediate the Confidentiality Incident, and (iii) cooperate with the Disclosing Party’s reasonable requests in the Disclosing Party’s efforts to mitigate its risks or harms arising from the Confidentiality Incident. The Parties acknowledge and agree that (A) communications between each other with respect to a Confidentiality Incident are for the purpose of the Parties receiving legal advice with respect to the Confidentiality Incident and its risks, and (B) such communications are subject to the common-interest exception to the waiver of privilege.
- (i) Where the Disclosing Party anticipates disclosing Confidential Information of a particularly sensitive nature to the Receiving Party, the Disclosing Party can request that the Receiving Party apply certain safeguards to the information in question. The Receiving Party will follow the request except that it can refuse part or all of

such a request where the request is not commercially reasonable or impossible in the circumstances.

5.3 Disclosure of Confidential Information

- (a) Notwithstanding Section 5.2, a Receiving Party may disclose Confidential Information of the Disclosing Party:
 - (i) (A) to its Affiliates, partners and shareholders and other direct or indirect holders of Equity Interests in its Affiliates, partners or shareholders, and each of its and their respective Representatives, in each case who have a need to know in respect of the performance of the Receiving Party's obligations or exercise of the Receiving Party's rights under this Agreement or otherwise in connection with their direct or indirect investment in the Licensee or ProjectCo GP, (B) in the case of the Licensor or any Crown corporation or other agency of the Province of Ontario that directly or indirectly holds Equity Interests in a partner of the Licensee or a shareholder of ProjectCo GP, to the Province of Ontario, the Government of Ontario, any Ministry thereof and any of their respective Representatives who have a need to know in respect of the performance of the Receiving Party's obligations or the exercise of the Receiving Party's rights under this Agreement or otherwise in connection with their direct or indirect investment in the Licensee, and (C) in the case of any partner of the Licensee or shareholder of ProjectCo GP Controlled by the Government of Canada, to its investment manager, any of its Affiliates and each of its and their respective Representatives, in each case who have a need to know for the purposes of managing a direct or indirect investment in the Licensee or ProjectCo GP and any ancillary purposes thereto; provided that, in each case, such Person has been informed of the Receiving Party's confidentiality obligations hereunder and is under obligations substantially similar to, and at least as stringent as, the Receiving Party's own confidentiality obligations hereunder;
 - (ii) as required by Applicable Laws, provided that, where permitted by Applicable Laws, prior to any such disclosure, the Disclosing Party will be promptly notified by the Receiving Party of the proposed disclosure and the Receiving Party will, at the Disclosing Party's request, take reasonable steps to allow the Disclosing Party, at the Disclosing Party's sole cost and expense, to contest the requirement for disclosure and/or limit the disclosure of Confidential Information to only such portions as are required by Applicable Laws or to obtain an order or ruling to preserve the confidentiality of such Confidential Information;
 - (iii) except and to the extent that legal privilege applies to such Confidential Information, as necessary in connection with any Dispute so long as such disclosure is made on a confidential basis in accordance with the Dispute

Resolution Procedure or as necessary in connection with any Third Party Claim in respect of this Agreement;

- (iv) to the extent necessary, to any financial institution or other Person from whom equity or debt financing is being sought (including any guarantor or provider of guarantee programs with respect to such debt financing) and to their respective Representatives in connection with any proposed equity or debt financing to be obtained or sought by the Receiving Party or any of its partners or shareholders in respect of the Facility (including as equity investor or lender to a direct or indirect holder of an Equity Interest in the partners of the Licensee or shareholders of ProjectCo GP), provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (v) to the extent necessary, to the IESO or any Crown corporation or other agency of the Province of Ontario that enters into a power purchase agreement, a contract for differences or other similar Contract for the sale of electricity with the Receiving Party for all purposes of such Contract, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (vi) to the extent necessary, to the Transmission Company and any local distribution company, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder;
- (vii) to the OEB, including the OEB's staff, and to any Representatives of OEB-approved regulatory Proceeding intervenors, provided that the Receiving Party uses commercially reasonable efforts to request that Confidential Information be given confidential treatment by the OEB in an OEB regulatory Proceeding if warranted in the circumstances (in the reasonable judgement of the Licensor, consistent with the OEB's then current practice directions, policies or guidance on confidential filings and the Licensor's own practices in respect of the treatment of its own confidential information by the OEB);

- (viii) to any Governmental Authority, in connection with obtaining and/or maintaining the Permits, provided, however, that the Receiving Party shall label documents or correspondence containing such Confidential Information as subject to exemption from further disclosure under Access Laws, where reasonably applicable;
 - (ix) to the extent necessary, to any nuclear industry organization to which the Licensors is a member (including the World Association of Nuclear Operators), provided that such organization has been informed of the Licensors' confidentiality obligations hereunder and agrees in writing to hold such Confidential Information confidential on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Licensors with respect to Confidential Information hereunder; and
 - (x) to the extent necessary, to any potential purchaser, lessee or transferee of the Facility or any potential purchaser of any direct or indirect Equity Interests in the Receiving Party, to any lender in connection with the financing thereof, and, in each case, to their respective Representatives, provided that the Receiving Party has informed such Person of its confidentiality obligations hereunder and such Person will have entered into a written agreement with, or covenanted in favour of, the Receiving Party to hold such Confidential Information on terms substantially similar to, and no less stringent than, the confidentiality obligations of the Receiving Party with respect to Confidential Information hereunder.
- (b) The Receiving Party shall be responsible to the Disclosing Party for any failure to perform or observe, or any breach of, an obligation of the Receiving Party set forth in this Article 5 by any Person to whom such Receiving Party has disclosed Confidential Information. For the purposes of this Article 5, if the Disclosing Party discloses Confidential Information to a Representative of the Receiving Party directly, the Receiving Party shall be deemed to have disclosed such Confidential Information to such Representative.

5.4 Freedom of Information and Protection of Privacy Act and Access to Information Act

- (a) The Parties acknowledge and agree that: (i) the Licensors, the Province of Ontario, the Licensee, and other Persons, are or may be subject to Access Laws; and (ii) the Licensors, the Province of Ontario, the Licensee and other Persons subject to Access Laws will be permitted, subject to Section 5.4(b) in respect of the Parties, to disclose Confidential Information where required under such Access Laws notwithstanding anything else in this Article 5. The confidentiality covenants contained in this Agreement are expressly subject to any and all obligations and requirements that may exist or may in the future arise under Access Laws, including all disclosure obligations.

- (b) A Party that receives a request under an Access Law that impacts the Confidential Information of the other Party will, in accordance with the requirements of Access Laws, advise the impacted Party of the request and provide the impacted Party with an opportunity to make submissions as to why the Confidential Information is exempt from disclosure under the Access Law.
- (c) The Parties acknowledge and agree that the ATIA may apply to Confidential Information disclosed by a Party to the CNSC. The Receiving Party will take commercially reasonable measures to preserve the confidentiality of any Confidential Information disclosed by such Receiving Party to the CNSC, including by ensuring that any such Confidential Information disclosed to the CNSC is clearly marked as confidential.
- (d) The provisions of this Section 5.4 will prevail over and in lieu of any other applicable provisions in this Agreement that conflict with the provisions of this Section 5.4.

5.5 Personal Information

- (a) For the purposes of this Agreement, “**Personal Information**” means any information that is both (i) about an identifiable individual or otherwise governed by Applicable Laws relating to privacy, and (ii) under the possession, custody or control of a Party or Handled by that Party or its Representatives on behalf of that Party in connection with a Party’s obligations under this Agreement.
- (b) Each Party will Handle and safeguard Personal Information in accordance with Applicable Laws, including Applicable Laws governing privacy and the security of Personal Information (“**Privacy Laws**”).
- (c) Each Party will promptly inform the other Party of any loss, theft or accidental or unauthorized Handling of Personal Information that may materially impact the other Party or the Project IP License. The Parties will cooperate on any response, investigation or mitigation or steps related thereto.
- (d) Each Party is responsible for their respective compliance with Privacy Laws, and will cooperate in good faith with the other Party in their respective efforts to comply with Privacy Laws in connection with this Agreement. Each Party will provide in a timely manner, all necessary and reasonable information and co-operation to the other Party and to any Governmental Authorities with jurisdiction or oversight over Privacy Laws in connection with any investigations, audits or inquiries made by any such Governmental Authorities under Privacy Laws relating to the Handling of Personal Information in connection with any Party’s rights and obligations under this Agreement.
- (e) To the extent of any conflict or inconsistency between this Section 5.5 and Section 5.2 or Section 5.3, this Section 5.5 will prevail.

5.6 US Export Control

- (a) In this Section 5.6, and notwithstanding any provision in this Agreement to the contrary:
- (i) **“Authorized Third Party”** means a representative of the Receiving Party who needs to know Restricted Information for the purpose of performing the Receiving Party’s obligations under this Agreement.
 - (ii) **“DOE-Controlled Information”** means non-public technology or assistance covering nuclear fuel fabrication (including preparation of fuel elements, fuel assemblies and cladding thereof) and commercial nuclear reactor development, production, or use of the components within or attached directly to the reactor vessel, the equipment that controls the level of power in the core, and the equipment or components that normally contain or come in direct contact with or control the primary coolant of the reactor vessel, or any equipment or material especially designed or prepared for such activities (see 10 C.F.R. §§ 810.2(b)(3), (5) and (9), as may be amended in the future) (for clarity, additional information is subject to DOE export controls, see, e.g., 10 C.F.R. §§ 810.2(b)(1), (2), (4), (6), (7), and (8), but will not be exchanged under this Agreement). The terms “development,” “production,” and “use” are defined in Part 810. DOE-Controlled Information could be in the form of blueprints, plans, diagrams, models, formulae, tables, engineering designs, specifications, manuals, and instructions written or recorded on other media or devices such as disks, tapes, read-only memories, computational methodologies, algorithms, and computer codes that can directly or indirectly affect the production of special nuclear material or through assistance as defined in Part 810. DOE-Controlled Information also can be transferred through visual observation.
 - (iii) **“Modified Retransfer Assurances”** has the meaning given in Section 5.6(c).
 - (iv) **“NNSA”** means the U.S. Department of Energy’s National Nuclear Safety Administration.
 - (v) **“representatives”** of a Person means any subcontractor of such Person, or shareholder of such Person, or (in respect of the Licensor only) contractor or subcontractor of the Licensor and any director, officer, employee, secondee or augmented staff who are under the direction and control of that Person, representative, agent, consultant or advisor (including financial advisors, technical advisors, legal counsel, accountants and auditors) of that Person or of any such subcontractor or shareholder or (in respect of the Licensor only) contractor or subcontractor of the Licensor.
 - (vi) **“Restricted Information”** has the meaning given in Section 5.6(b).

- (b) The Parties acknowledge that the subset of Confidential Information that is of a technical nature or technical assistance, including DOE-Controlled Information (collectively, “**Restricted Information**”) that is disclosed by a Disclosing Party or its representatives in connection with this Agreement will, at all times, be subject to the Export Control Regulations. Each Receiving Party will, and will cause its representatives, Authorized Third Parties and their respective representatives to, comply with the Export Control Regulations applicable to the Restricted Information.
- (c) The Parties acknowledge that (i) the NNSA is allowing the use of modified retransfer assurances for the transfer of Restricted Information that is DOE-Controlled Information from United States companies to the Licensor (which modified retransfer assurances were approved by the NNSA, for the Licensor, on September 16, 2021, as reflected in Section 5.6(d), and as may be amended, restated, or replaced by the NNSA from time to time, the “**Modified Retransfer Assurances**”), and (ii) the Licensor is permitted to flow down the Modified Retransfer Assurances, including to the Licensee, provided that the Licensee is bound by the restrictions described in Section 5.6(d).
- (d) The Parties acknowledge and agree that, in respect of any Restricted Information of the Licensor or any of its Affiliates that is provided by the Licensor directly, or through any of the Licensor’s Affiliates or representatives (or representatives of such Affiliates), to the Licensee or any of its representatives (whether in paper, electronic, digital or any other form or media), compliance with the United States’ Export Control Regulations will be satisfied through compliance with the Modified Retransfer Assurances. For clarity, compliance with the Modified Retransfer Assurances for any Restricted Information of the Licensor or any of its Affiliates that is provided by the Licensor directly, or through any of the Licensor’s Affiliates or representatives (or representatives of such Affiliates), (whether in paper, electronic, digital or any other form or media) to the Licensor or through the Licensor to the Licensee or any of its representatives requires only the following:
 - (i) the Licensee will treat the Restricted Information in a manner, and with a duty of care that is no less than how it treats its confidential information, and in any event, no less than a reasonable duty of care;
 - (ii) the Licensee will share, transfer, or otherwise provide access to Restricted Information only to those of its directors, officers, employees, and secondees and augmented staff who are under the Licensee’s direction and control who need access to such Restricted Information in connection with the Facility or the Facility Purposes (for clarity, Restricted Information will not be generally accessible to all employees of the Licensee); and
 - (iii) the Licensee will share, transfer, or otherwise provide access to Restricted Information to any of its representatives or Authorized Third Parties that are not individuals only if such representative or Authorized Third Party needs such Restricted Information or access in connection with the Facility or the

Facility Purposes and provided that such representative or Authorized Third Party:

- (A) is incorporated, formed or organized in Canada, the United States, or a country listed in Appendix A to Part 810 other than Chile or the Ukraine;
 - (B) provides such Restricted Information or access to only those of its representatives that need access to such Restricted Information in connection with the Facility or the Facility Purposes, as the case may be; and
 - (C) enters into an agreement with the Licensee confirming that (I) it will comply with this Section 5.6, and (II) the obligations set out in this Section 5.6 will be continually flowed down in any other agreement under which such representative or Authorized Third Party could similarly provide Restricted Information to its counterparties, suppliers, contractors and subcontractors of any tier (and their directors, officers, employees, and secondees and augmented staff who are under their direction and control) in connection with the Facility or the Facility Purposes, as the case may be.
- (iv) The Licensee will notify the Licensor of the representatives or Authorized Third Parties that are not individuals to which the Licensee has shared, transferred, or otherwise provided access to Restricted Information within 30 days thereof. In order to facilitate the foregoing, the Licensee will require its subcontractors and/or representatives to provide this information to the Licensor, as applicable, within the required period, and the Licensee will promptly provide such information to the Licensor within the required period in order to permit the Licensee to comply with this Section 5.6(d)(iv).
 - (v) The phrase “through the Licensor to the Licensee” is intended to cover the Licensee, in their capacity as contractual counterparties to the Licensor and in connection with the Facility and the Facility Purposes, receiving Restricted Information during phone calls, in-person meetings, or electronic exchanges, including electronic technical collaboration sites to which access is controlled by the Licensor.
- (e) The obligations of the Parties under this Section 5.6 will survive any termination or expiration of this Agreement.

5.7 Canadian Import and Export Controls

- (a) In addition to the obligations in Section 5.6, the Licensor will:
 - (i) apply for, obtain, maintain and comply with all Permits required under Canadian Applicable Law with respect to the import into Canada of any

information licensed to the Licensee by the Licensor pursuant to the Project IP License (“**Canadian Control Permits**”); and

- (ii) cooperate with the Licensee, to the extent necessary, to ensure Licensee’s compliance with the reporting obligations under its Canadian Control Permits.

5.8 Compliance with the IPA

The Parties acknowledge that certain Confidential Information is also subject to the covenants, restrictions and obligations concerning the Handling of confidential information set forth in the IPA. With respect to such Confidential Information, the provisions of this Agreement are subject to the terms of the IPA and, in the event of any conflict between any provision of this Agreement and the IPA concerning such Confidential Information, the provisions of the IPA shall prevail.

ARTICLE 6 NOTICES

6.1 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by e-mail or by delivery as hereafter provided. Any such notice or other communication will be deemed to have been received (i) if transmitted by e-mail before 5:00 pm (Toronto time) on a Business Day, on the date of such transmission and if not transmitted before such time, the next Business Day and (ii) if delivered by hand, at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section 6.1. Notices and other communications will be addressed as follows:

- (a) if to the Licensor:

Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

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Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

(b) if to the Licensee:

c/o
Ontario Power Generation Inc.
1908 Colonel Sam Drive
Oshawa, ON L1H 8P7

Attention: James Brewer, VP New Growth and Business Development
Email: james.brewer@opg.com

with a copy to:

Attention: VP Law Division
Email: lawdivision@opg.com

and a copy to:

Torys LLP
79 Wellington St. W.
33rd Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2

Attention: Krista Hill and Stephen Neil
Email: khill@torys.com and sneil@torys.com

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any Party pursuant to or in connection with any arbitration procedures contained in the Dispute Resolution Procedure may only be delivered by hand.

The failure to send or deliver a copy of a notice or other communication to a Party's counsel, as the case may be, shall not invalidate such notice or other communication given under this Section 6.1.

ARTICLE 7 GENERAL PROVISIONS

7.1 Waiver of Indirect Losses

Notwithstanding anything herein to the contrary, in no event shall a Party be liable to the other Party or any Connected Persons of such other Party for any Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement by any Party, including the grant of the Project IP License by the Licensor. Accordingly, each Party irrevocably waives, on its own behalf and on behalf of each of its Connected Persons, any and all rights, remedies and Claims that it may have against the other Party for Indirect Losses which may be suffered, sustained or incurred as a result of, in respect of, or arising, directly or indirectly, out of, or in consequence of, or involving or relating to, the performance or breach of this Agreement by any Party, including the grant of the Project IP License by the Licensor.

7.2 Time of the Essence

Time is of the essence of this Agreement, provided that the Parties agree that this Agreement may not be terminated other than in accordance with Section 2.2(c).

7.3 Third Party Beneficiaries

This Agreement is for the sole benefit of the Parties and nothing herein, express or implied, is intended to or shall confer upon any other Person, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.4 Governing Law

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Province of Ontario.
- (b) All Disputes are to be determined in accordance with Article 3. Except as otherwise provided in Article 3, each of the Parties acknowledges and agrees it has elected to submit to a court of competent jurisdiction in the Province of Ontario and each Party hereto irrevocably and unconditionally attorns and submits to the jurisdiction of such courts. Each Party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to the bringing of any such Proceeding in any such court, including any objection that the place where such court is located is a forum non conveniens or that there is any other Proceeding in any other place relating in whole or in part to the same subject matter. Each Party hereto agrees that any judgment or order in any such Proceeding brought in such a court shall be conclusive and binding upon it and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a

Proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders, provided that service of any required process is effected upon it in the manner specified in Section 6.1 or as otherwise permitted by Applicable Laws.

- (c) The Parties confirm that it is their express wish that this Agreement, as well as any other documents relating to this Agreement, including Notices, Schedules and authorizations, have been and will be drawn in the English language only. *Les parties aux présentes confirment leur volonté expresse que cette convention, de même que tous les documents s'y rattachant, y compris tous avis, annexes, pièces et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.*

7.5 Entire Agreement

The Facility Documents constitute the entire agreement between the Parties pertaining to the subject matter of the Facility Documents and supersede all other prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. There are no warranties, conditions, or representations (including negligent misrepresentations and any that may be implied by statute) and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in the Facility Documents. No reliance is placed on any warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into the Facility Documents by any Party or any of its Representatives, to the other Party or any of its Representatives, except to the extent that the same has been reduced to writing and included as a term of the Facility Documents and no Party has been induced to enter into the Facility Documents or any amendment or supplement by reason of any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact. Accordingly, there shall be no liability, whether at law or in equity, and whether based upon a Claim in contract, tort (including negligence and negligent misrepresentation), warranty, equity, strict liability, statutory cause of action, intended conduct or otherwise, assessed in relation to any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.

7.6 Amendment and Modification

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

7.7 Waiver

No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single

or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

7.8 Further Assurances

Each Party will promptly do, take, execute or deliver or cause to be done, taken, executed or delivered all such further acts, steps, deeds, documents, assurances and things as the other Party may reasonably require from time to time for the purpose of giving effect to this Agreement and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

7.9 Limited Liability of Partners

The Licensor acknowledges and agrees that (a) the Licensee is a limited partnership formed under the laws of the Province of Ontario, the general partners of which are (i) OPG Financing LP, a limited partnership existing under the laws of the Province of Ontario, and (ii) ProjectCo GP; and (b) in the event of any Claim in connection with this Agreement, in no event will the Licensor have any recourse against the assets of any Person (including a general partner or limited partner of the Licensee or any current or former Representative thereof), other than recourse against the assets of the Licensee itself and the assets of ProjectCo GP.

7.10 Waiver of Sovereign Immunity

Any Party that has a right to claim sovereign immunity for itself or any of its assets hereby waives any such immunity to the fullest extent permitted by Applicable Laws. This waiver includes immunity from: (a) any expert determination, or arbitration proceedings commenced pursuant to this Agreement; (b) any judicial, administrative or other proceedings to aid the expert determination or arbitration commenced pursuant to this Agreement; and (c) any effort to confirm, enforce or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre-judgment attachment) that results from an arbitration or any judicial or administrative proceedings commenced pursuant to this Agreement. Each Party acknowledges that its rights and obligations hereunder are of a commercial nature and not a governmental nature. The Parties acknowledge and agree that, as of the Effective Date, the Licensor does not have the right to claim sovereign immunity for itself or any of its assets under Applicable Laws.

7.11 Successors, Assigns and Transfers of DNNP IP Rights

- (a) This Agreement will be binding upon and enure to the benefit of the Parties and, to the extent permitted hereunder, their respective successors and assigns. Subject to Section 7.11(b), no Party may Transfer this Agreement without the prior written consent of the other Party, which consent may be granted or withheld in such Party's sole discretion.
- (b) Notwithstanding Section 7.11(a):
 - (i) the Licensee may grant a security interest in its interests in this Agreement in favour of a *bona fide* arm's length Third Party commercial lender (or a collateral agent therefor), or in favour of bondholders (or trustee therefor),

providing financing to Licensee if it first obtains the written consent of the Licensors, which consent may not be unreasonably withheld; and

- (ii) the Licensors may Transfer this Agreement to a Qualified Successor Operator in connection with a Transfer of the MOMA, the Project Management Agreement and the IESO Payments Agreement (in each case, to the extent such agreement is then in force) to such Qualified Successor Operator, in each case in accordance with their respective terms, provided that the Qualified Successor Operator has assumed all of the Licensors' past, present and future obligations and liabilities under this Agreement.
- (c) The Licensors may assign, transfer or otherwise dispose of its right, title or interest to the DNNP IP Rights, provided that:
 - (i) such assignment, transfer or disposition would not diminish, reduce or otherwise negatively affect in any way the Licensee's ability to use the DNNP IP Rights for the Facility Purposes pursuant to the Project IP License granted to the Licensee in accordance with this Agreement;
 - (ii) all Consents to such assignment, transfer or disposition that are required to be obtained from any Third Party under any material Contracts relating to the DNNP IP Rights or from any Governmental Authority have been obtained;
 - (iii) such assignment, transfer or disposition does not result in a breach of Applicable Laws;
 - (iv) the Licensors shall have delivered a Notice of the proposed assignment, transfer or disposition, if reasonably practicable, no less than 30 days and, in any event, no less than 15 days, before the effective date of such assignment, transfer or disposition; and
 - (v) to the extent that such assignment, transfer or disposition is to a Person other than a Qualified Successor Operator to whom this Agreement is Transferred pursuant to Section 7.11(b)(ii), such Person shall have confirmed, in writing, the grant of the Project IP License in respect of such assigned, transferred or disposed DNNP IP Rights or shall have otherwise provided a license or sub-license of such assigned, transferred or disposed DNNP IP Rights to the Licensee on substantially the same terms as the terms of the Project IP License granted hereunder.
- (d) Notwithstanding the foregoing provisions of Section 7.11(c), a license or sub-license by the Licensors of the DNNP IP Rights to any Person shall not constitute an assignment, transfer or other disposition of its right, title or interest to the DNNP IP Rights.

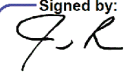
7.12 Counterparts

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of page intentionally left blank.]

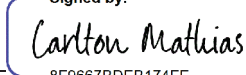
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized officer or officers as of the date first written above.

DNNP LP, by its managing general partner,
DNNP GP INC.

By:  Signed by:
02F1E7296ABE4E2...
Name: James Brewer
Title: President

**ONTARIO POWER GENERATION
INC.**

By:  Signed by:
ED3AB8197958429...
Name: Aida Cipolla
Title: Chief Financial Officer &
Chief Administrative Officer

By:  Signed by:
8F9667BDEB174FE...
Name: Carlton Mathias
Title: Chief Legal, ESG and
Governance Officer

SCHEDULE A

DISPUTE RESOLUTION PROCEDURE

DEFINITIONS

1. In this Schedule A, capitalized terms not otherwise defined in this Schedule A will have their respective meanings as set forth in the ADRIC Rules (as defined below) or the Agreement, as applicable, and the following capitalized terms have the meanings given below:
 - (a) “**ADRIC Rules**” means the ADR Institute of Canada, Inc. Arbitration Rules applicable to the arbitration pursuant to paragraph 2;
 - (b) “**Answer to the Notice of Arbitration**” means the response to a Notice of Arbitration to be provided by the Respondent(s) in accordance with the ADRIC Rules;
 - (c) “**Arbitrator**” means the arbitrator appointed pursuant to paragraph 12;
 - (d) “**Claimant**” means any Party that commences an arbitration pursuant to paragraph 7;
 - (e) “**Consolidation Arbitrator**” has the meaning attributed thereto in paragraph 17(b);
 - (f) “**Hearing**” means the hearing on the merits of the Dispute;
 - (g) “**Notice of Arbitration**” means the written notice a Claimant delivers to each of the Respondents in accordance with the ADRIC Rules to commence an arbitration pursuant to paragraph 7;
 - (h) “**Objection**” means the Respondent(s)’ objection to the Claimant’s Arbitrator nominee pursuant to paragraph 12;
 - (i) “**paragraph**” means a paragraph of this Schedule A;
 - (j) “**Party**” means a party to a Dispute and “**Parties**” means the parties to the Dispute;
 - (k) “**Respondent**” means a Party who is not the Claimant, and the term “**Respondents**” shall, where there is only one Respondent, refer to that Respondent;
 - (l) “**Senior Leaders Meeting**” has the meaning attributed thereto in paragraph 10; and
 - (m) “**Tribunal**” means the three arbitrators appointed pursuant to paragraph 12.

GENERAL

2. All Disputes which are to be determined according to the terms of this Schedule A pursuant to Article 3 of the Agreement shall be resolved by final and binding arbitration under the ADR Institute of Canada, Inc. Arbitration Rules (the “**ADRIC Rules**”) in force at the time that the Notice of Arbitration is served, except to the extent that the ADRIC Rules are modified by the provisions of the Agreement or this Schedule A.
3. The seat of the arbitration shall be Toronto, Ontario.
4. The language of the arbitration shall be the English language.
5. All Hearings shall be conducted in Toronto, Ontario. Case conferences shall be held virtually, unless the Parties agree otherwise or the Arbitrator or Tribunal orders a case conference in person. Any case conference or Hearing, or portion thereof, may be held virtually if agreed by the Parties or so decided by the Arbitrator or Tribunal.
6. All notices or other communications required or permitted to be given under this Schedule A to a Party shall be given in the manner specified in Article 6 of the Agreement. All notices or other communications and all other documents required or permitted by this Schedule A to be given by the Parties to the Arbitrator or Tribunal shall be given in accordance with the Arbitrator’s or Tribunal’s instructions.

COMMENCEMENT OF ARBITRATION AND ESCALATION MECHANISM

7. A Party shall commence an arbitration as Claimant by delivering a written notice of arbitration (the “**Notice of Arbitration**”) to each Respondent in accordance with the ADRIC Rules.
8. A Party may deliver a single Notice of Arbitration and commence a single arbitration with respect to a Dispute or Disputes arising out of, or relating to, more than one of the Facility Documents, regardless of whether the Dispute or Disputes under the separate Facility Documents are factually or legally related.
9. The Notice of Arbitration shall include the name of the person the Claimant nominates as an arbitrator. If there are two or more Claimants, they shall jointly nominate an arbitrator; if they are unable to agree on an arbitrator, any such Claimant may request ADRIC to nominate the arbitrator.
10. Within 30 days of service of the Notice of Arbitration, senior leaders of the Parties will meet at least once to discuss resolution of the dispute (a “**Senior Leaders Meeting**”). The arbitration shall be suspended during this 30-day period. Unless the Dispute has been resolved or the period for these discussions is extended by agreement of the Parties, once the 30 day period expires, the remaining arbitration procedures will continue. If a Party refuses to attend such a meeting, the remaining arbitration procedures will continue on expiry of the 30 day period set out in this paragraph.

11. The Respondent(s) shall serve an Answer to the Notice of Arbitration within 21 days after the date of expiry of the period for the Senior Leaders Meeting.

APPOINTMENT PROCEDURE

12. Where an arbitrator has been nominated by the Claimant(s) in its/their Notice of Arbitration, as provided for by paragraph 9, the arbitrator shall be appointed as the sole Arbitrator to resolve the Dispute unless, within 21 days after the period for Senior Leaders Meeting expires, by notice to the Claimant(s), a Respondent objects to the Claimant's/Claimants' appointee (the "**Objection**"). In the event of such an objection, the arbitration will be decided by a three-member tribunal (the "**Tribunal**") appointed as follows:
 - (a) the Claimant(s) will appoint a co-arbitrator within 10 days of the Objection. The Claimant(s) may appoint the same individual it/they originally nominated as the sole arbitrator as its/their co-arbitrator. If there are two or more Claimants, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Claimant may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (b) the Respondent(s) will appoint a co-arbitrator within 10 days of the Claimant(s)' arbitrator appointment. If there are two or more Respondents, they shall jointly appoint a co-arbitrator; if they are unable to agree on the co-arbitrator, any such Respondent may request ADRIC to appoint the co-arbitrator at the expiry of the 10 day period, and ADRIC is to appoint a co-arbitrator as soon as possible thereafter;
 - (c) the Parties will confer to jointly appoint a third arbitrator to chair the Tribunal within 10 days from the Respondent(s)' arbitrator appointment;
 - (d) if no agreement is reached by the Parties regarding appointment of the chair of the Tribunal within 10 days of the Respondent(s)' arbitrator appointment, unless the Parties agree to extend that timeline, the two Party-appointed arbitrators will appoint an arbitrator to chair the Tribunal within a further 10 days; and
 - (e) if no agreement is reached by the Party-appointed arbitrators regarding appointment of the chair of the Tribunal within the further 10 day period specified above, unless the Parties agree to extend that timeline, either Party may request ADRIC to appoint the chair of the Tribunal.

HEARING AND AWARD

13. The Hearing shall take place at a date, time and place fixed by the Arbitrator or Tribunal within 270 days of the appointment of the Arbitrator or Tribunal, or at such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

14. The Arbitrator's or Tribunal's award on the merits of the Dispute shall be delivered within 90 days of the conclusion of the Hearing, or by such other date and time as agreed by the Parties or fixed by the Arbitrator or Tribunal in consultation with the Parties.

CONFIDENTIALITY

15. The Parties desire that any Dispute should be conducted in strict confidence and that there shall be no disclosure to any Person of the existence of the Dispute or any aspect of the Dispute except as set out in this paragraph 15.

All matters relating to, all information and evidence presented in the course of, all submissions made in the course of, and all documents produced in accordance with a Proceeding under this Schedule A or any order of the Arbitrator or Tribunal or created in the course of or for the purposes of an arbitration, as well as any arbitral award, shall be kept confidential and shall not be disclosed to any Person except where such material constitutes Confidential Information under Section 5.1 of the Agreement and disclosure is permitted pursuant to Section 5.3(a) or Section 5.4(a) of the Agreement and except in the following circumstances, in which case the Parties also agree to use commercially reasonable efforts to try to obtain confidentiality orders or other confidentiality protections appropriate in the applicable context:

- (a) as is necessary for the resolution of the Dispute, as set out above in this paragraph 15;
 - (b) in connection with an application of a Party to set aside an arbitral award under section 46 of the Arbitration Act;
 - (c) as required to enforce an arbitral award;
 - (d) as required or permitted by Applicable Laws;
 - (e) by an order of an Arbitrator or Tribunal made pursuant to a motion or application on notice to all Parties; or
 - (f) for any other reason, with the prior written consent of all Parties, which reason may include such disclosure being required by a Party for pursuit or defence of a legal right or obligation (including with respect to Third Parties and Third Party Claims, as defined in the Agreement, or as required by a Party's insurer), in which case no Party shall unreasonably withhold or delay its consent.
16. The Parties acknowledge that certain information involved in or relevant to a Dispute may be considered DOE-Controlled Information (as defined in Section 5.6(a)(ii) of the Agreement) and they will establish appropriate information protocols in such event, including in relation to any discovery and production processes.

CONSOLIDATION AND JOINDER

17. The Parties agree that the Facility Documents are substantially related and that it is in the interests of justice and efficiency that Disputes under two or more of them be resolved by a single Arbitrator or Tribunal whenever possible. To this end, the Parties agree that:

- (a) In the event that two or more Disputes under any of the Facility Documents are not advanced in the same Notice of Arbitration, the Parties to the subject Disputes may, acting reasonably in view of the just and efficient resolution of the Disputes, consent to consolidate the separate arbitrations on such terms as they may agree. In the event that a Party proposes consolidation of a Dispute in connection with an asserted legal right or obligation of one or all of the Parties, whether or not related to the Facility Documents, the Parties may, in their discretion, agree to consolidation.
- (b) In the event that all of the Parties to the separate arbitrations do not consent to their consolidation, any Party to one of the subject arbitrations may serve a Notice of Arbitration to have the question of whether the subject arbitrations should be consolidated determined by final and binding arbitration by a sole arbitrator, who shall act as the consolidation arbitrator (“**Consolidation Arbitrator**”). The Parties to the subject arbitrations will agree on who shall serve as Consolidation Arbitrator. If the relevant Parties are unable to agree on the Consolidation Arbitrator, any such Party may request ADRIC to appoint the Consolidation Arbitrator. Paragraphs 3 to 6 shall apply to any Proceeding under this paragraph 17(b). Any Proceeding conducted by a Consolidation Arbitrator so appointed shall occur under ADRIC’s Expedited/Simplified Procedure unless otherwise agreed by the Parties to such Proceeding. The Consolidation Arbitrator shall determine whether the separate arbitrations should be consolidated in whole or in part based on what is just and efficient, taking into account, among other things, the identities of the Parties to the separate arbitrations, the degree to which the factual and legal issues raised in two arbitrations are interconnected, the degree to which the two arbitrations are at different procedural stages, any interest in avoiding a multiplicity of proceedings and inconsistent results and the relevant Parties’ confidentiality concerns, if any. The jurisdiction of the Consolidation Arbitrator appointed under this paragraph 17(b) shall be limited to determining whether to consolidate the separate arbitrations and any decisions related to the practical implementation of such consolidation. In the event consolidation is ordered, unless otherwise agreed, the relevant Parties shall appoint the Arbitrator or constitute the Tribunal in accordance with paragraph 12, subject to reasonable adjustments as required by the consolidated arbitration. For clarity, any Party may appoint any Arbitrator or any Tribunal member who had been appointed in any of the separate arbitrations, or the Consolidation Arbitrator, to sit as Arbitrator or Tribunal member for the consolidated arbitration. To the extent that two or more arbitrations are consolidated which are at different procedural stages, the Arbitrator or Tribunal shall hold a case conference to discuss adjustments to the procedural calendar in order to preserve the steps that had already been taken in any existing arbitration and avoid waste to the extent possible, while enabling any additional filings

required to avoid causing a Party prejudice. No arbitration shall be consolidated with another, without the Parties' consent, if the final exchange of evidence has occurred in the liability phase of the arbitration.

18. If separate arbitrations are consolidated in accordance with paragraphs 17(a) or 17(b), each party to the consolidated arbitration is deemed to have consented to such consolidation and shall be bound any award, decision or order of a Consolidation Arbitrator under paragraph 17(b).
19. If any Arbitrator was appointed or Tribunal constituted in an arbitration that is subsequently consolidated with another arbitration under paragraph 17 and the consolidation will result in the appointment of a new and different Arbitrator or Tribunal, the appointment of the former Arbitrators or Tribunals shall terminate upon the consolidation and they shall be deemed to be *functus officio*. Such termination shall be without prejudice to the date when any claim or defence was raised for the purpose of applying any limitation bar or any like rule or provision.

CCC Interrogatory #012

Interrogatory

Reference:

Exhibit A1, Tab 4, Schedule 4, Attachment 1, pp. 1-3

Question(s):

- a) In many places in the evidence, there are statements regarding OPG and DNNP LP delivering the first SMR in the G7.
- i. Please explain why constructing and operating the first SMR is a benefit to ratepayers.
 - ii. Please discuss the risks of constructing and operating a FAOK generation station.
 - iii. Please discuss whether, and to what extent, ratepayers are the beneficiaries of any special (i.e., discounted) pricing mechanisms from the technology provider (GE-Hitachi)
 - iv. Please discuss whether, and to what extent, OPG or DNNP LP have ownership of intellectual property or other agreements that may result in new revenue streams. If yes, please advise whether these new revenue streams will operate to offset revenue requirement for the benefit of ratepayers.
 - v. Please discuss whether, and to what extent, OPG's unregulated affiliates have ownership of intellectual property or other agreements that may result in new revenue streams. If yes, please advise whether these new revenue streams will operate to offset revenue requirement for the benefit of ratepayers.
- b) Please file any agreements as between DNNP LP, OPG, CGF and BOF regarding the new nuclear facilities (including the Equity Commitment Agreements).

Response

- a)
- i. As discussed at Ex. L-A1-CCC-011, part b), the DNNP forms part of the Province of Ontario's integrated energy plan ("IEP"), which is the Government of Ontario's plan to ensure it can meet growing electricity needs for the period specified by the plan. Part a) iii below provides [REDACTED]

- 1 ii. A summary of key risks associated with constructing and operating a first-of-a-kind ("FOAK") generating station are provided below. The Applicants have
2 actively taken steps to manage the risks associated with FOAK technology,
3 which may also encompass first-in-a-while aspects, into the planning and
4 execution of the DNNP. This includes the implementation of a comprehensive
5 and robust risk management system which is defined in Ex. D2-4-7.
6
7

8 In addition to identification and management of discrete risks in alignment with
9 the risk management system, the Applicants have implemented programmatic
10 risk mitigation through leveraging commercial agreements, strategic
11 partnerships with capable vendors and early and transparent engagement with
12 regulators. Details are provided in Ex. D2-4-4, Section 2.0. A summary of the
13 key risks associated with constructing and operating a FOAK generating station
14 are as follows:
15

- 16 • **Engineering** – The main FOAK risks stem from design maturity and
17 evolutions during detailed engineering. These developments may have
18 cascading impacts on layouts, safety cases, procurement activities and
19 construction planning. New information may potentially lead to changes
20 and/or additional risk to the project, potentially impacting cost and schedule.
21 The DNNP is managing this risk by conducting regular multi-disciplinary
22 interface meetings to actively validate design assumptions and manage
23 interfaces, thereby controlling the downstream impacts of design evolution.
24 Independent third-party assessments are also being leveraged to manage
25 risk associated with discrete FOAK design elements.
26
- 27 • **Regulatory and Licensing** – A FOAK design increases regulatory
28 requirements from the Canadian Nuclear Safety Commission ("CNSC"),
29 which may result in an increased volume and complexity of submissions.
30 Evolutions in design may require iterative design-licensing feedback. Review
31 cycles may be impacted by availability of specialised expertise and an
32 expanded verification and validation due to familiarity with the technology.
33 The DNNP Licensing team is maintaining early and sustained alignment with
34 the CNSC on scope and licensing strategy, supported by clear
35 documentation of agreed positions and providing regular updates as
36 decisions are made. The team is also implementing a strong submittal
37 readiness and comment-closure program for key licensing packages and
38 analyses (including targeted technical justifications for FOAK features and
39 use of operating experience/vendor evidence). OPG and the designer are
40 using an integrated approach to manage evolving codes/standards,
41 verification hold points, and relevant regulatory developments to reduce
42 rework and manage review-cycle duration.

- 1 • **Procurement and Supply Chain** – As a result of FOAK procurement, there
2 may be limited availability of qualified material and equipment suppliers.
3 Component lead times may be impacted by first-time manufacturing
4 challenges such as new fabrication methods, and design evolution impacting
5 equipment specifications. As well, design development, testing and analysis
6 may change commodity numbers. The project team has aligned
7 procurement commitments to design maturity to mitigate this risk. This
8 includes confirming specifications and compliance requirements through a
9 series of technical reviews before placement of long-lead orders, using clear
10 hold points where design or regulatory inputs are still evolving, and
11 maintaining a disciplined change-control process to manage any scope or
12 specification revisions.
13
- 14 • **Construction** – Risks are primarily associated with constructability gaps in
15 a FOAK design, resulting in higher-than-expected field changes, reduced
16 productivity and potential field delays. The risk of late design changes may
17 result in changes to construction sequence and potential for rework.
18 Mitigation strategies are centered around early constructability closure and
19 design maturity to limit field changes and maintain assumed productivity,
20 This is reinforced through coordinated interface meetings, detailed work
21 packaging, and early engagement to confirm trade and specialty resource
22 availability.
23
- 24 • **Commissioning** – FOAK commissioning risks are related to system
25 integration challenges, and first-time start-up and testing challenges. Other
26 factors include turnover program complexity, test procedures, acceptance
27 criteria, and sequencing. The project has established a defined
28 commissioning process and organizational structure early in execution. This
29 will be supported by formal change management and targeted training to
30 promote consistent implementation. Workshops are planned to confirm
31 staffing plans and align on test scope and sequencing.
32
- 33 • **Operations** – FOAK operations risks are primarily associated with gaps in
34 operations experiential knowledge of the new technology (transitioning from
35 operating a CANDU to a boiling water reactor); complexities associated with
36 developing new computer-based procedures; and FOAK outage planning
37 and execution. The risk is being managed through early and regular
38 engagement with the CNSC to confirm staffing, training, certification, and
39 licensing expectations and avoid late changes to the operating model. The
40 project will execute its pre-Licence to Operate (“LTO”) training and
41 engagement strategy, establish a Systematic Approach to Training program,
42 and complete the required submissions and tiered training deliverables in
43 support of licensing reviews. In parallel, OPG will leverage industry

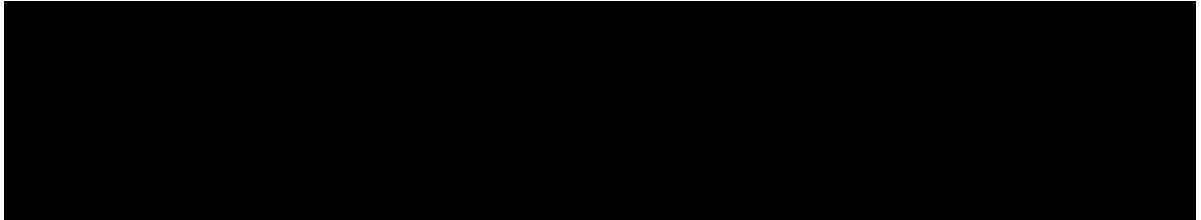
1 alignment initiatives with other Small Modular Reactor (“SMR”) proponents
2 and Boiling Water Reactor operators to reduce FOAK uncertainty and will
3 continuously evaluate operations readiness assumptions with recovery
4 actions initiated as required to protect timelines and mitigate staffing and
5 cost outcomes.

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7 iii.

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21 iv.

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25 Pursuant to the Intellectual Property Rights Agreement, the Management,
26 Operations, Maintenance and Administration Agreement (“MOMA”), and the
27 Development and Project Management Agreement (“PMA”) between OPG and
28 DNNP LP (refer to Ex. L-A1-CCC-010 part a) for copies of agreements), OPG
29 has granted DNNP LP a non-transferable, royalty-free, and non-exclusive
30 license (or sub-license, as the case may be) to use, copy, modify, adapt,
31 translate, make derivative works of and grant sub-licenses in respect of the
32 intellectual property rights required for purposes of the DNNP facility. DNNP LP
33 has no rights to use this intellectual property beyond the DNNP facilities (refer
34 to Ex. L-D2-SEC-107, Attachment 1). For clarity, DNNP LP has no rights to use
35 this intellectual property for any other purpose and therefore cannot have any
36 associated revenues.

37
38
39
40 For clarity, in any event, the DNNP
41 intellectual property is excluded from both Applicants’ regulated businesses.



v. OPG's unregulated affiliates do not have ownership of any intellectual property relating to DNNP. OPG's unregulated affiliates and their associated revenue streams are not relevant.

b) The Applicants will not respond to the question posed on the basis of relevance. The agreements between OPG, CGF and BOF, in particular the Equity Commitment Agreement, relate to equity contribution and the relationship between those parties as equity contributors. Such matters are not within the OEB's jurisdiction to review as they do not relate to the expenditures made by DNNP LP forming part of the regulatory relief requested by DNNP LP as a regulated entity.

Refer to Ex. L-A1-CCC-010 for copies of the agreements between OPG and DNNP LP with respect to the DNNP facilities.

Exhibit L-A1-CCC-012, Attachment 1

Summary of DNNP First-of-a-Kind Benefits Agreement

This Attachment was filed as confidential information in its entirety.

Exhibit L-A1-CCC-012, Attachment 2

Summary of DNNP ODA

This Attachment was filed as confidential information in its entirety.

Energy Probe Interrogatory #001

Interrogatory

**Reference:
A1-2-2, Page 6**

Preamble:

“The Application assumes that DNNP LP enters into the lease and associated agreements and that the DNNP asset transfer from OPG all occur at the end of 2025. DNNP.”

Question(s):

Have the “lease and associated agreements” been executed and has the transfer taken place?

Response

Yes. Refer to Ex. L-A1-CCC-010, part a).

SEC Interrogatory #001

Interrogatory

Reference:

Question(s):

Please provide a copy of all materials provided to OPG's Board of Directors for both the development and approval of the underlying 2027-2031 budgets included in the Application.

Response

The material sought by this interrogatory includes communication between OPG's management and its Board of Directors with respect to the development and approval of the 2027-2031 budgets included in the Application. OPG declines to provide these materials on the basis of relevance.

The final 2027-2031 budgets, together with supporting explanations, are incorporated within the application, accompanied by OPG's 2025-2031 Business Plan (Ex. A2-2-1, Attachment 1) approved by OPG's Board of Directors. Interested parties may examine these budgets, their rationale, and the consequences of OPG's decisions via written and oral discovery. This does not depend on materials presented by management to the Board of Directors, as these materials do not form part of the Application. These materials do not enhance nor detract from the merits of the Application and would not assist the OEB in deciding the matters at issue on the Application.

OPG notes that the same type of material was requested in EB-2010-0008. The OEB Panel in that proceeding decided that the requested material was not relevant, stating: "In the Board's view, these materials are not relevant to the determination of the issues before the Board in this proceeding. The Board will make its decision on the application and supporting materials filed by the applicant and the evidence of intervenors, all of which is subject to cross-examination."¹

The requested material also includes privileged material, and this is a further basis on which OPG declines this request.

¹ EB-2010-0008, Tr. Vol. 1, pages 113-114.

SEC Interrogatory #002

Interrogatory

Reference:

Question(s):

For each year of the plan, and for each of hydroelectric, nuclear and DNNP, please provide the total capital expenditures and in-service additions budgets, and how much of the variance in those costs would be captured by existing or proposed DVAs that are, a) mandated by O.Reg 53/05, and b) justified for any other reason.

Response

Refer to Chart 1 below for the total capital expenditure forecasts for each year of the IR term for OPG's regulated hydroelectric facilities, OPG's nuclear facilities and the DNNP facilities.

Chart 1 – Summary of Forecast Capital Expenditures (\$M)

Line No.	Prescribed Facility	Reference	2027	2028	2029	2030	2031
			(a)	(b)	(c)	(d)	(e)
	Regulated Hydroelectric						
1	Regulated Hydroelectric Capital Expenditures Related to Regulated Hydroelectric Rate Base	Ex. D1-1-1, Table 1, Line 3	880.9	920.4	1,025.0	1,001.2	946.6
2	Support Services Capital Expenditures Related to Regulated Hydroelectric Rate Base	Included within Ex. D3-1-1, Table 1, Line 1	1.5	1.5	1.5	1.5	1.5
3	Total Regulated Hydroelectric Capital Expenditures	Line 1 + Line 2	882.4	921.9	1,026.5	1,002.7	948.1
	OPG Nuclear Facilities						
4	Nuclear Operations Capital Expenditures	Ex. D2-1-2, Table 1, Line 1	1,053.1	1,004.8	1,138.7	1,154.1	836.6
5	Pickering Refurbishment Project	Ex. D2-3-8, Table 1, Line 4	3,473.2	3,607.6	3,578.3	2,681.4	1,860.5
6	Darlington Refurbishment Project	Ex. D2-2-3, Table 1b, Line 5	0.0	0.0	0.0	0.0	0.0
7	Support Services Capital Expenditures Related to OPG Nuclear Rate Base	Included within Ex. D3-1-1, Table 2, Lines 1 and 2	99.4	74.1	67.6	67.9	42.7
8	Total Nuclear Capital Expenditures	Line 4 + Line 5 + Line 6 + Line 7	4,625.8	4,686.4	4,784.6	3,903.4	2,739.9
	DNNP Facilities						
9	Total DNNP Facilities Capital Expenditures	Ex. D2-4-8, Table 1, Line 3	1,620.7	896.7	304.7	373.2	0.0

Refer to Chart 2 below for the total in-service addition forecasts for each year of the IR Term for OPG's regulated hydroelectric facilities, OPG's nuclear facilities and the DNNP facilities.

Chart 2 – Summary of Forecast In-Service Additions (\$M)

Line No.	Prescribed Facility	Reference	2027	2028	2029	2030	2031
			(a)	(b)	(c)	(d)	(e)
	Regulated Hydroelectric						
1	Regulated Hydroelectric Capital Projects Entering Regulated Hydroelectric Rate Base	Ex. D1-1-2, Table 4, Line 37	841.5	1,104.7	1,115.5	938.5	627.1
2	Support Services Capital Projects Entering Regulated Hydroelectric Rate Base	Ex. D3-1-2, Table 4, Lines 14 and 21	1.5	1.5	1.5	1.5	1.5
3	Total Regulated Hydroelectric In-Service Additions	Line 1 + Line 2	843.0	1,106.2	1,117.0	940.0	628.6
	OPG Nuclear Facilities						
4	Nuclear Operations Capital Projects	2027: Ex. D2-1-3, Table 4a, Line 50 2028-2031: Ex. D2-1-3, Table 4b, Line 76	848.0	799.8	1,004.6	1,408.0	958.6
5	Pickering Refurbishment Project	Ex. D2-3-8, Table 5, Line 11	20.6	0.0	0.0	0.0	9,688.0
6	Darlington Refurbishment Project	2027: Ex. D2-2-3, Table 5a, Line 26 2028: Ex. D2-2-5, Table 5b, Line 13	0.0	0.0	0.0	0.0	0.0
7	Support Services Capital Projects Entering OPG Nuclear Rate Base	Ex. D3-1-2, Table 4, Lines 1, 2, 8, 9, 13, 15 and 19	133.9	62.1	67.1	71.4	39.7
8	Total Nuclear In-Service Additions, Excluding ARC	Line 4 + Line 5 + Line 6 + Line 7	1,002.5	861.9	1,071.7	1,479.4	10,686.3
	DNNP Facilities						
9	Total DNNP Facilities In-Service Additions	Ex. D2-4-8, Table 6, Line 4	0.0	0.0	0.0	6,584.9	0.0
	In-Service Additions Reflected in Revenue Requirement Impacts Eligible for Deferral and Variance Accounts (OPG)						
10	Capacity Refurbishment Variance Account - Regulated Hydroelectric ¹	Ex. H1-1-1, Att. 5a, line 1b	507.6	800.0	765.3	678.0	311.9
11	Capacity Refurbishment Variance Account - Nuclear Operations ²	Ex. H1-1-1, Att. 8a, line 1b	189.3	386.7	640.4	785.8	536.9
12	Capacity Refurbishment Variance Account - Pickering Refurbishment Project ³	Line 5	20.6	0.0	0.0	0.0	9,688.0
13	Capacity Refurbishment Variance Account - Darlington Refurbishment Project ⁴	Line 6	0.0	0.0	0.0	0.0	0.0
	In-Service Additions Reflected in Revenue Requirement Impacts Eligible for Deferral and Variance Accounts (DNNP)						
14	Darlington New Nuclear Project Variance Account re Development ⁵	Line 9	0.0	0.0	0.0	6,584.9	0.0

¹ CRVA-eligible regulated hydroelectric in-service additions for 2027-2031 are a subset of total regulated hydroelectric in-service additions in line 3 above. Refer to Ex. H1-1-1, Att. 5, p. 1, line 11 for the forecast revenue requirement corresponding to these projects. Recovery of any amounts recorded in the regulated hydroelectric CRVA is subject to amounts recorded in the proposed Global Hydroelectric Capital Variance Account, as discussed in Ex. A1-3-2, Section 2.3.5.

² CRVA-eligible nuclear operations in-service additions for 2027-2031 are a subset of nuclear operations in-service additions in line 4 above. Refer to Ex. H1-1-1, Att. 8, p. 1, line 11 for the forecast revenue requirement corresponding to these projects.

³ Refer to Ex. H1-1-1, Att. 6, p. 1, line 11 for the forecast revenue requirement corresponding to the Pickering Refurbishment Project.

⁴ Refer to Ex. H1-1-1, Att. 7, p. 1, line 11 for the forecast revenue requirement corresponding to the Darlington Refurbishment Project. Variances against actual revenue requirement would be recorded subject to OPG's commitment not to seek recovery of any costs that exceed the OEB-approved \$12.8B budget for this project.

⁵ Refer to Ex. H1-1-1, Att. 9, p. 1, line 11 for the forecast revenue requirement corresponding to the Darlington New Nuclear Project.

The Applicants do not have established DVAs or have proposed new DVAs to record variances in capital expenditures or in-service amounts. The Applicants have established DVAs and have proposed certain new DVAs that record variances in the revenue requirement of capital amounts (i.e., capital-related revenue requirement), namely the following:

- Capacity Refurbishment Variance Account (mandated by O. Reg. 53/05; Ex. H1-1-1, Section 5.6) captures all variances in capital-related revenue requirement for eligible projects. Eligibility of projects is discussed in Ex. L-D1-Staff-061 and Ex. L-D2-Staff-081, and the associated forecast capital-related revenue requirement over the IR term is shown in Ex. H1-1-1, Attachments 5-8.

For clarity, this includes the Pickering Refurbishment Program and the Darlington Refurbishment Program, among others.

- Global Hydroelectric Capital Variance Account (newly proposed; Ex. H1-1-1, Section 7.2 and Ex. A1-3-2, Section 2.3.5) would capture any asymmetric variance in capital-related revenue requirement for all regulated hydroelectric assets in favour of ratepayers to address a scenario where such actual capital-related revenue requirement determined based on OPG's actual capital in-service amounts for the prescribed hydroelectric facilities is less than the capital-related revenue requirement afforded through the payment amounts inclusive of the proposed C-factor. The proposed mechanism for addressing the interaction between this account and the Capacity Refurbishment Variance Account is detailed in Ex. A1-3-2, p. 23, line 17 to p. 25, line 15 and Ex. L-H1-Staff-253.
- Clean Electricity ITC Variance Account (OPG) and Clean Electricity ITC Variance Account (DNNP) (newly proposed; Ex. H1-1-1, Sections 7.3 and 8.6) would record capital-related revenue requirement related to all variances in the amount of Clean Electricity Investment Tax Credits received by OPG relative to any such forecast amounts reflected in the OEB-approved revenue requirements (to the extent not captured in another existing account). The proposed mechanism for addressing the interaction between the Clean Electricity ITC Variance Account (OPG) and the GHCVA is discussed in Ex. A1-3-2, p. 26, lines 9 to 26 and in Ex. L-H1-Staff-248.
- Change of Laws Deferral Account (OPG) and Change of Laws Deferral Account (DNNP) (newly proposed; Ex. H1-1-1, Sections 7.1 and 8.8) would record variances in all capital-related revenue requirement impacts related to changes in legal requirements (to the extent not recorded in another existing account), subject to the proposed materiality thresholds of \$20M for OPG and \$10M for DNNP LP under the respective rate-setting frameworks. Refer to Ex. L-H1-Staff-259 for further discussion.
- Nuclear Development Variance Account (mandated by O. Reg. 53/05; Ex. H1-1-1, Section 5.15) captures all variances in capital-related revenue requirement for proposed new nuclear generation facilities. The proposed nuclear revenue requirements in the Application do not include capital costs related to potential new nuclear generation facilities other than the DNNP which is not subject to this account, as it is now subject to the Darlington New Nuclear Project Variance Account re Development.
- Darlington New Nuclear Project Variance Account re Development (mandated by O. Reg. 53/05; Ex. H1-1-1, Section 6.1) captures all variances in capital-

1 related revenue requirement for the Darlington New Nuclear Program. The
2 associated forecast capital-related revenue requirement over the IR term is
3 shown in Ex. H1-1-1, Attachment 9.
4

- 5 • Darlington New Nuclear Project Variance Account re Capital Amounts and
6 Pickering B Refurbishment Project Variance Account (mandated by O. Reg.
7 53/05; Ex. H1-1-1, Sections 6.3 and 5.30 and Ex. I1-1-3) capture all variances
8 between the concurrent cost recovery interest amounts reflected in the revenue
9 requirement based on forecast capital expenditures for the DNNP and PRP,
10 respectively, and such interest amounts based on actual capital expenditures
11 for the projects, where such expenditures exclude amounts placed in service.
12

13 The Applicants are unable to estimate, ahead of time, the amount of the variance
14 in capital-related revenue requirement that would be experienced over the IR term
15 and would be captured by the above accounts, as there is no basis to project such
16 a variance. Any such variances would depend on numerous factors outside the
17 Applicants' control and not possible to predict.

SEC Interrogatory #004

Interrogatory

Reference:

Question(s):

Please provide a table that shows all components of the proposed revenue requirement that, because of O.Reg 53/05, the OEB's usual discretion and authority is constrained. For each component, please provide, a) the specific cost in each year of the term, b) how the OEB's discretion/authority has been constrained, and c) the specific applicable provision of O.Reg 53/05.

Response

Sections 6 and 14 of O. Reg. 53/05 provide "rules governing determination of payment amounts by [the OEB]." A summary of those sections relevant to the Issues on the Issues List in this proceeding is provided in Attachment 1, Table 1. The table also provides OPG's best efforts to identify, where reasonably possible, the associated revenue requirement amounts proposed in this Application for each year of the IR term. For clarity, there are other sections of the regulation, including but not limited to those that establish, and prescribe the disposition of, certain deferral and variance accounts, that may be applicable to the proposed revenue requirements and the determination of payment amounts for OPG and DNNP LP.

The Applicants note that there is overlap between some rows in Attachment 1, Table 1 as multiple regulation provisions can apply to the same revenue requirement components. The degree to which, or the circumstances in which, these provisions apply may differ from one provision to another.

The Applicants provide this response in respect of this interrogatory without prejudice to any submissions that they may make in this proceeding in regard to the referenced provisions or applicable revenue requirement components, including any additional interpretation that an Applicant may assert or any additional provisions that may not have been referenced below, but that an Applicant may in future submissions assert that their application restrict the discretion of the OEB.

Component	O. Reg. 53/05 Reference	Requirements	Regulated Business	2027	2028	2029	2030	2031
Nuclear liabilities	s. 6(2)7 s. 6(2)8 s. 6(2)10.1	OEB shall ensure that OPG recovers the revenue requirement impact of its nuclear decommissioning and waste management liabilities arising from the current approved reference plan under the Ontario Nuclear Funds Agreement. OEB shall ensure that OPG recovers all the costs it incurs in relation to its nuclear decommissioning and waste management liabilities with respect to the Bruce Nuclear Generating Stations and the Darlington New Nuclear Program ("DNNP") facilities as reflected in OPG's audited financial statements approved by OPG's board of directors.	OPG Nuclear (Ex. C2-1-1)	270.2	294.6	325.7	330.2	341.1
			DNNP LP	0.0	0.0	0.0	0.0	0.0
Bruce lease net revenues	s. 6(2)9 s. 6(2)10	OEB shall ensure OPG recovers all the costs it incurs with respect to the Bruce Nuclear Generating Stations. Any excess revenues shall be applied to reduce the amount of the payments required.	OPG Nuclear (Ex. G2-2-1)	(5.2)	11.5	(18.1)	7.3	(17.1)
Concurrent cost recovery	s. 6(2)11.1 s. 6(2)14 s. 14(2)5	OEB shall include in revenue requirement amounts calculated by multiplying the forecast cumulative capital costs incurred in respect of the DNNP and the Pickering Refurbishment Program by OPG's long-term debt rate, other than such costs that have been placed in service.	OPG Nuclear (Ex. I1-1-1, Table 7)	297.6	479.9	667.7	832.0	646.2
			DNNP LP (Ex. I1-1-1, Table 6)	214.9	284.8	321.2	274.2	24.6
Capital and non-capital costs and firm financial incurred for the Darlington Refurbishment Program ("DRP") or otherwise to increase the output of, refurbish or add operating capacity to a prescribed generation asset.	s. 6(2)4	OEB shall ensure that OPG recovers costs for the DRP and projects that increase output, refurbish or add operating capacity, subject to such amounts being prudently incurred. ¹	OPG Hydro - Capital (Ex. H1-1-1, Att. 5)	(6.8)	63.3	171.6	231.1	277.9
			OPG Nuclear - Capital (Ex. H1-1-1, Chart 2)	1,151.5	1,096.6	953.8	945.3	1,741.2
			OPG Hydro - Non-Capital (Ex. H1-1-1, p. 20)	25.3	N/A	N/A	N/A	N/A
			OPG Nuclear - Non-Capital (Ex. H1-1-1, Chart 3)	109.0	94.1	89.6	57.0	50.9
Capital and non- capital costs and firm financial commitments incurred for the Darlington New Nuclear Program	s. 14(2)3	The OEB shall ensure that DNNP LP recovers the non-capital and capital costs and firm financial commitments made for the DNNP, subject to such amounts being prudently incurred.	DNNP LP - Capital (Ex. H1-1-1, Att. 9)	(65.2)	(103.7)	(115.0)	73.6	811.0
			DNNP LP - Non-Capital (Ex. H1-1-1, p. 56)	45.9	46.3	40.0	40.2	0.0
Components of DNNP LP's revenue requirement impacted by an agreement between the Applicants	s. 14(2)5	OEB shall accept the terms, conditions and pricing methodologies included in any project management, operations, revenue allocation or lease agreements between the Applicants in respect of the DNNP facilities.	DNNP LP (Ex. I1-1-1, Table 2a, line 22 less line 16)	302.0	381.4	417.0	581.3	1,072.4
DNNP leasehold improvements and opening balance	s. 14(2)2	OEB shall accept as capital costs: assets or licenses transferred from OPG to DNNP LP and costs reimbursed by DNNP LP to OPG as set out in the audited schedule; and any leasehold improvements made by DNNP LP in relation to the DNNP facilities	DNNP LP (Ex. I1-1-1, Table 2a, sum of lines 12, 15, 20)	214.9	284.8	321.4	421.7	729.2
Capital and non- capital costs and firm financial commitments incurred for OPG's proposed new nuclear facilities	s. 6(2)4.1	OEB shall ensure that OPG recovers non-capital and capital costs incurred and firm financial made for proposed new nuclear generation facilities, subject to such amounts being prudently incurred.	OPG Nuclear (Ex. F2-1-1, Table 1a)	0.0	0.0	0.0	0.0	0.0

Notes

1 - OPG has not undertaken an exercise to quantify the portions of rate base, and therefore associated capital-related revenue requirement over the IR term, that covers historical CRVA-eligible amounts. As such, the Table presents the revenue requirement pertaining to only the forecast in-service additions over the forecast period and the Darlington Refurbishment Program, consistent with the proposed reference amounts for the Capacity Refurbishment Variance Account in this proceeding.

SEC Interrogatory #006

Interrogatory

Reference:

Question(s):

Please provide a list of productivity and efficiency initiatives undertaken by OPG each year since 2022. For each, please quantify the savings, broken down by segment (nuclear and hydroelectric) and capital and OM&A. Please provide underlying calculations, an explanation of the calculation methodology, and any assumptions made.

Response

Historical initiatives related to the regulated hydroelectric facilities are described in Ex. L-F1-SEC-152, for the nuclear facilities in Ex. L-F2-Staff-178, and for Support Services in Ex. L-F3-SEC-172.

SEC Interrogatory #007

Interrogatory

Reference:

Question(s):

Please provide a list of productivity and efficiency initiatives planned to be undertaken by OPG each year between 2027 and 2031, broken down by segment (nuclear, DNNP, and hydroelectric) and capital and OM&A. Please provide underlying calculations, an explanation of the calculation methodology, and any assumptions made.

Response

Forecast initiatives related to the regulated hydroelectric facilities are described in Ex. L-F1-SEC-151, and for the nuclear facilities in Ex. L-F2-Staff-178.

Since DNNP Unit 1 represents a new reactor technology, is not expected to enter service until late 2030, and has no performance history, no incremental productivity or efficiency initiatives have been established for the DNNP facilities. For details on the design aspects of the facilities that support efficiency in their operations and maintenance, refer to Ex. F2-2-1, pp. 3-4, Ex. D2-4-1, and related evidence.

SEC Interrogatory #008

Interrogatory

**Reference:
A1-3-1, p. 4**

Question(s):

OPG proposed that the impact of the proposed Clean Electricity Investment Tax Credit (CEITC) be captured in the proposed CEITC Variance Account. If the impacts were to be included in revenue requirement sought for approval as opposed to a CEITC Variance Account, please provide the full impact on each aspect of the revenue requirement per year. Please provide all calculations.

Response

Refer to Ex. L-F4-CCC-084.

SEC Interrogatory #014

Interrogatory

Reference:

A1-3-2, Attachments 4 and 5

Question(s):

With respect to the 2024 Performance Scorecards:

- a) Please explain how the target for OM&A Unit Energy Cost (\$/MWh) is determined.
- b) Please explain how the target for OM&A Unit Energy Cost (\$/MWh) promotes efficiency.
- c) Please explain how the Total Generating Cost per Net MWh (\$/MWh) for Nuclear is normalized

Response

- a) OM&A Unit Energy Cost ("UEC") is a measure of financial productivity, as defined in Ex. F1-1-1, Section 4.4.1. It measures the OM&A costs per unit of energy produced (MWh). The target is set annually based on Base OM&A and Project OM&A costs and regulated hydroelectric generation in the approved business plan.
- b) Refer to Ex. L-F1-Staff-161, part b). UEC promotes efficiency by providing a clear measure of the cost of a unit of energy. This metric helps show the relationship between energy production and cost management. By focusing on UEC, OPG can identify areas where costs can be reduced, or where generation can be optimized.
- c) Refer to Ex. F2-1-1, Section 3.2.1, and in Ex. F2-1-1, Attachment 4.

Board Staff Interrogatory #001

Interrogatory

Reference:

Ref 1: OPG Letter, February 27, 2026 Re: Requirements of Ontario Regulation 53/05 ("O. Reg. 53/05"), Section 8

Preamble:

In Reference 1, the applicants state:

"Further to the EB-2025-0297 requested approval set out at Ex. A1-2-2, p. 10, DNNP GP Inc., as managing general partner on behalf of DNNP LP (the "DNNP generator"), requests that the Ontario Energy Board issue an order pursuant to section 8 of O. Reg. 53/05 for purposes of section 78.1 of the Ontario Energy Board Act, 1998 (the "Act") declaring that the DNNP generator has satisfied the conditions set out under section 8 of O. Reg. 53/05."

Question(s):

- a) Please confirm that the Applicants do not require an order from the OEB regarding the section 8 criteria prior to the OEB's decision in this proceeding.

Response

- a) Please refer to the Applicants' letter to the OEB in relation to the section 8 order, which is included as Attachment 1.



Saba Zadeh
Vice President, Regulatory Affairs

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April 17, 2026

VIA RESS

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Murray:

RE: EB-2025-0297 Application by Ontario Power Generation Inc. and DNNP LP by its general partner, DNNP GP Inc., (together, the “Applicants”) for an order or orders relating to payment amounts for prescribed generating facilities (the “Application”) – Section 8 Order under O. Reg. 53/05

On February 27, 2026, DNNP GP Inc., as managing general partner on behalf of DNNP LP (the “DNNP LP”), requested that the OEB issue an order under section 8 of O. Reg. 53/05 (the “Regulation”) declaring that the DNNP generator has satisfied the conditions set out in that section of the Regulation. As stated in the Applicants’ February 27, 2026 letter, DNNP LP has met the four conditions set out in section 8 of the Regulation.

While waiting for the OEB’s order, OEB Staff filed their interrogatories. Interrogatory A1-Staff-1 asks whether the Applicants require an order from the OEB regarding section 8 of the Regulation prior to the OEB’s decision in this proceeding. This letter is to express DNNP LP’s position to the OEB in the context of its February 27, 2026 letter and not via an interrogatory response to OEB staff. The Applicants will respond to that interrogatory question in due course on the same basis as this letter.

Because DNNP LP has satisfied all four conditions in section 8 of the Regulation, it is the Applicants’ position that the OEB should issue the section 8 order as soon as possible, for the reasons outlined in this letter. Further, as a matter of reasonable business expectations, DNNP LP seeks certainty in this respect to continue to plan and manage its regulatory and financial affairs in the normal course.

The Ministry of Energy and Mines recognized that the Darlington New Nuclear Project (“DNNP”) would be developed through DNNP LP, a limited partnership formed to facilitate third-party equity investment in the DNNP. The Minister amended the Regulation to include DNNP GP Inc., DNNP LP’s managing general partner, as a prescribed generator.¹ Section 8 of the Regulation sets out conditions for DNNP GP Inc. to become a prescribed generator, and DNNP GP Inc. becomes a prescribed generator after the OEB orders that those conditions have been met. Part III of the Regulation, which addresses DNNP, also comes into effect upon the OEB’s section 8 order.

¹ Regulation Notice posted to the Environmental Registry of Ontario: <<https://ero.ontario.ca/notice/025-0501>>.

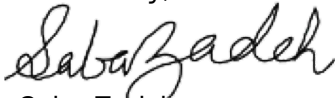
The Minister amended the Regulation to prescribe DNNP GP Inc. as a generator upon satisfaction of the section 8 conditions. Section 8 is framed in mandatory terms: Part III “applies on and after the effective date of an order made by the Board ... in which it specifies that it is satisfied that the following conditions are met.” A delay in issuing the section 8 order would be inconsistent with the legislative intent of the Regulation.

The section 8 order is the precondition for Part III of the Regulation to take effect. Part III establishes the rules governing the OEB’s determination of payment amounts related to DNNP and the deferral and variance accounts to be established by DNNP LP related to DNNP. In particular, without Part III being made effective, neither OPG nor DNNP LP are able to record amounts related to DNNP costs and concurrent cost recovery (CCR) interest amounts in the applicable deferral and variance accounts. OPG accounts related to the DNNP costs and CCR (Nuclear Development Variance Account and the Darlington New Nuclear Project Variance Account) are ineligible because the accounts require OPG to be the entity that incurs DNNP costs. As a consequence of satisfying the conditions in section 8 of the Regulation, DNNP LP is now the entity incurring such costs. With Part III not in effect however, DNNP LP’s deferral and variance accounts related to DNNP costs and CCR (Darlington New Nuclear Project Variance Account re Development and the Darlington New Nuclear Project Variance Account re Capital Costs Amounts) are also ineligible. This renders both OPG and DNNP LP unable to record amounts in the above accounts, complicating the financial reporting for both entities until such time as the section 8 order is issued by the OEB, and potentially complicating the future recovery process for the accounts.

As a result, DNNP LP renews the request made on February 27, 2026 that the OEB issue the section 8 order based on the satisfaction of the conditions set out in the Regulation.

Please contact me if you have any questions.

Yours truly,

A handwritten signature in black ink, appearing to read 'Saba Zadeh', written in a cursive style.

Saba Zadeh

Vice-President, Regulatory Affairs

Board Staff Interrogatory #272

Interrogatory

Reference:

Ref 1: Exhibit A1 / Tab 3 / Schedule 2 / pp. 15-17

Ref 2: Exhibit I1 / Tab 2 / Schedule 1 / Table 2

Ref 3: Exhibit A1 / Tab 3 / Schedule 2 / Attachment 3

Preamble:

At Reference 1, OPG describes the proposed stretch factor. The proposal is based on OPG's performance in the econometric analysis conducted by London Economics International, LLC (LEI). One of the details describing the basis for the proposed stretch factor is that capital investments related to plant improvements and expansions are excluded. It is noted that sustaining capital expenditures are considered.

Reference 2 shows, among other things, the capital related revenue requirement from OPG's plan for 2027 to 2031 and the application of the capital stretch factor.

Reference 3 is the cost benchmarking study that forms the basis for the proposed 0.15% stretch factor.

Question(s):

- a) Please confirm that it is OPG's proposal for the stretch factor, which is based on Reference 3, to be applied to both the X-Factor reduction and the Capital Stretch Factor. If not confirmed, please explain.
- b) If part a) is confirmed, please explain why it is appropriate to use the cost benchmarking study from Reference 3 as the basis for both stretch factors.
- c) If part a) is not confirmed, please provide and explain the basis for the Capital Stretch Factor.
- d) Please provide a breakdown of the components of the 2027 to 2031 Capital Related Revenue Requirement by providing the break down of the following:
 - i. Existing rate base as of the end of 2026
 - ii. Sustaining capital investment from 2027 to 2031, as in the context of Reference 3
 - iii. Capital investments related to plant improvements and expansions, as in the context of Reference 3

- 1 iv. The sum of any other types of capital related revenue requirement to ensure
2 reconciliation to line 5 of Reference 2
3 v. If capital related revenue requirement of sub-part iv) is greater than any of the
4 other sub-parts, please describe and explain that capital work.
5
6 e) For part d), sub-part iii) please explain if there are any differences between “capital
7 investments related to plant improvements and expansions” as in Reference 3 and
8 what OPG considers to be CRVA-eligible hydroelectric capital projects.
9

10
11 Response
12

- 13 a) Under its proposed rate-setting framework for the regulated hydroelectric facilities,
14 OPG proposes to apply the stretch factor as part of the X-factor reduction in the
15 annual adjustment mechanism (refer to Ex. A1-3-2, p. 9) and to incorporate a
16 stretch factor reduction on all capital-related revenue requirement (refer to Ex. A1-
17 3-2, p. 17 and Ex. I1-2-1, Table 2, line 6).
18
19 b) The econometric cost benchmarking study conducted by London Economics
20 International LLC (“LEI”) is the best available basis on which to calibrate the stretch
21 factor proposed for OPG’s regulated hydroelectric facilities.
22

23 Under a conventional price-cap approach (like the 4GIRM method in the OEB’s
24 Renewed Regulatory Framework), capital and OM&A expenditures would be
25 funded through OPG’s payment amounts, as adjusted annually. The annual
26 adjustment would include a single stretch factor, based on the utility’s historical
27 cost-efficiency, as was the case for OPG’s 2017-2021 IR term for the regulated
28 hydroelectric facilities. OPG’s proposal in this Application is consistent with this
29 approach, calibrating the stretch factor consistently based on LEI’s econometric
30 benchmarking study. LEI explains the basis for their reliance on capital
31 expenditures for sustaining capability and the exclusions of capital investments
32 associated with improvements and additions to plant generation capacity, which
33 “depend on where a company is within its broader investment cycle, occur
34 irregularly, and are typically large in terms of dollars spent” and could “distort
35 comparisons” in an econometric analysis (Ex. A1-3-2, Attachment 3, p. 6).
36

- 37 c) Not applicable.
38

- 39 d)
40 i) Refer to Ex. L-A1-Staff-275, part a) (i).
41 ii) to v)
42

43 OPG is unable to provide the requested information for several reasons.

1 OPG does not maintain revenue requirement information on the basis of
2 different categories of regulated hydroelectric capital investment. Providing the
3 requested information for the sustaining portion of the portfolio would involve
4 individual revenue requirement calculations in respect of several hundred
5 individual projects, including rate base, depreciation and capital cost
6 allowance. OPG cannot perform this volume of calculation within the time
7 allotted. Additionally, OPG does not classify investments as “plant
8 improvements”.

9
10 OPG is able to produce the information of the type requested with respect to
11 the 2027-2031 regulated hydroelectric in-service additions eligible for the
12 Capacity Refurbishment Variance Account and this can be found in Ex. L-A1-
13 Staff-275, part a) (ii).

14
15 e) Refer to part d) above.

Board Staff Interrogatory #275

Interrogatory

Reference:

Ref 1: Exhibit A1 / Tab 3 / Schedule 2 / Chart 1

Ref 2: Exhibit I1 / Tab 1 / Schedule 1 / Table 1

Ref 3: Exhibit I1 / Tab 2 / Schedule 1 / Table 2

Preamble:

At Reference 1, OPG summarizes the Hydroelectric Custom IR Framework.

Reference 2 provides a breakdown of the 2027 test year revenue requirement.

Reference 3 provides the 2027 revenue requirement with 2028 to 2031 revenue requirements the purpose of calculating the proposed Capital Factor in each of 2028 to 2031.

For the purpose of illustrating the relationship between deferral and variance accounts (DVAs) and Custom IR revenue requirements in each of the years 2027 to 2031, please answer the following questions.

Question(s):

- a) Please list all DVAs, either existing or proposed that relate to the capital related revenue requirement due to 2027 to 2031 in-service additions. Further, please provide an annual breakdown of the capital related revenue requirement in each of 2027 to 2031 for the following categories of rate base by completing the following table:
- Rate base as at the end of 2026
 - In-service additions over the 2027 to 2031 where variances relate to the identified deferral and variance accounts
 - In-service additions over the 2027 to 2031 period where no DVA would track and variances.

Table 1: Capital Related Revenue Requirement Details

\$ million	2027	2028	2029	2030	2031
For rate base as at the end of 2026					
Cost of Capital					
Short-Term Debt					
Long-Term Debt					
Common Equity					

\$ million	2027	2028	2029	2030	2031
Total Cost of Capital					
Depreciation Expense					
Income Tax Expense					
Any other Revenue Requirement Impact					
Total Revenue Requirement Impact relating to rate base as at the end of 2026					
For 2027 to 2031 in-service additions where variances will be tracked in DVAs					
Cost of Capital					
Short-Term Debt					
Long-Term Debt					
Common Equity					
Total Cost of Capital					
Depreciation Expense					
Income Tax Expense					
Any other Revenue Requirement Impact					
Total Revenue Requirement Impact relating to 2027-2031 in-service additions that are captured in DVAs					
For 2027 to 2031 in-service additions where there are no DVAs that would track variances					
Cost of Capital					
Short-Term Debt					
Long-Term Debt					
Common Equity					
Total Cost of Capital					
Depreciation Expense					
Income Tax Expense					
Any other Revenue Requirement Impact					
Total Revenue Requirement Impact relating to 2027-2031 in-service additions where there is no DVA for variances					

- b) Please list all DVAs that would track variances to OM&A expenses for 2027 to 2031. Similar to above, please provide a breakdown of those OM&A expenses by completing the following table:

Table 2: OM&A Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 OM&A where variances will be tracked in DVAs					
Base OM&A					
Project OM&A					
Outage OM&A					
Allocation of Corporate Costs					
Allocation of Centrally Held Costs					
Asset Service Fees					

\$ million	2027	2028	2029	2030	2031
Any other OM&A Expense where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 OM&A Expense that are captured in DVAs					
2027 to 2031 OM&A where there are no DVAs that would track variances					
Base OM&A					
Project OM&A					
Outage OM&A					
Allocation of Corporate Costs					
Allocation of Centrally Held Costs					
Asset Service Fees					
Any other OM&A Expense where there is no DVA to track variances					
Total Revenue Requirement Impact from 2027-2031 OM&A where there is no DVA for variances					

- c) Please list all DVAs that would track variances to gross revenue charges (GRC) Expense for 2027 to 2031. Please confirm that it is OPG's proposal that 100% of the GRC Expense would be subject to DVAs. If not confirmed, please complete the following table:

Table 3: Fuel Expense Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Fuel Expense where variances will be tracked in DVAs					
GRC Expense					
Any other Fuel Expense where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 Fuel Expense that are captured in DVAs					
2027 to 2031 Fuel Expense where there are no DVAs that would track variances					
GRC Expense					
Any other Fuel Expense where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 Fuel Expense where there is no DVA for variances					

- d) Please list all DVAs that would track variances to Property Tax expenses for 2027 to 2031. Similar to above, please provide a breakdown of those Property Tax expenses by completing the following table:

Table 4: Property Tax Details

\$ million	2027	2028	2029	2030	2031
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense that are captured in DVAs					
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense where there is no DVA for variances					

- e) Please list all DVAs that would track variances to Other Revenues from 2027 to 2031. Similar to above, please provide a breakdown of those Other Revenues by completing the following table:

Table 5: Other Revenue Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Other Revenue where variances will be tracked in DVAs					
Ancillary Services					
Segregated Mode of Operation					
Water Transactions					
Capacity Exports					
Hydroelectric Incentive Mechanism (HIM) Revenue					
Any additional Other Revenues where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 Other Revenues that are captured in DVAs					
2027 to 2031 Property Tax Expense where there are no DVAs that would track variances					
Ancillary Services					
Segregated Mode of Operation					
Water Transactions					
Capacity Exports					
HIM Revenue					
Any additional Other Revenues where there are no DVAs to track variances					
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense where there is no DVA for variances					

- f) Please list all DVAs that would track variances to Income Tax expenses from 2027 to 2031 not captured in part a). Similar to above, please provide a breakdown of those Income Tax expenses by completing the following table:

Table 6: Income Tax Expense Details

\$ million	2027	2028	2029	2030	2031

\$ million	2027	2028	2029	2030	2031
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense that are captured in DVAs					
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense where there is no DVA for variances					

Response

- a) Existing and proposed deferral and variance accounts that relate to the capital related revenue requirement (“CRRR”) of the 2027-2031 regulated hydroelectric in-service additions are the Capacity Refurbishment Variance Account (“CRVA”), an existing account, and the Global Hydroelectric Capital Variance Account (“GHCVA”), the Clean Electricity ITC Variance Account (OPG) and the Change of Laws Deferral Account (OPG), all three of which are newly proposed in this Application.
- i. The requested information is provided in Chart 1 below, on an estimated basis. OPG interprets “rate base as at the end of 2026” to be the sum of the year’s (i) net property, plant and equipment closing balance for the regulated hydroelectric assets, and (ii) closing balance of working capital items; it was then reduced annually from 2027 to 2031 by ongoing depreciation and amortization on these assets.^{1,2} Simplifying assumptions were used to bifurcate capital-related depreciation and amortization and capital cost allowance (“CCA”) – between amounts related to the assets as at the end of 2026 versus in-service additions during the IR term – in the calculation of income taxes underpinning the CRRR.³
- ii. The requested information is provided in Chart 1 below, on an estimated basis. OPG interprets the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event. As discussed in Ex. H1-1-1, Section 7.2 and further in Ex. A1-3-2, Section 2.3.5, the proposed GHCVA is asymmetric in favour of ratepayers. As discussed in Ex. H1-

¹ Depreciation on regulated hydroelectric rate base as of 2026 from Ex. B2-4-1, Table 3, line 12, col. (b) and held constant throughout IR term.

² The amounts presented in Chart 1 in respect of the rate base as at the end of 2026 include impacts from forecast in-service additions for CRVA-eligible projects in 2025 and 2026. Such amounts will be subject to the CRVA in the bridge years and the IR term.

³ CCA over the 2027-2031 period for the net property, plant and equipment as at the end of 2026 was determined by holding constant throughout the IR term the undepreciated capital cost (“UCC”) pool at the end of 2026 subject to applicable CCA rates, with the only change to UCC year-over-year being the ongoing CCA on these assets.

1-1, Section 7.3, Clean Electricity Investment Tax Credits (“CEITC”) are not reflected in the proposed revenue requirements; therefore, there is no CRRR associated with this account and any amounts so recorded during the IR term would be in favour of ratepayers. As discussed in Ex. H1-1-1, Section 7.1, the proposed Change of Laws Deferral Account (OPG) would be able to record recoverable amounts but is limited in scope to a change in legal requirements, making any entries during the IR term inherently unknowable and conditional on future events. For these reasons, Chart 1 provides the requested information with respect to deferral and variance account coverage for in-service additions eligible for the CRVA.

- iii. The requested information is provided in Chart 1 below, on an estimated basis. These amounts represent the annual breakdown of the remaining CRRR underpinning the proposed 2027 revenue requirement and the 2028-2031 C-factor for the regulated hydroelectric facilities, after accounting for amounts provided in response to i) and ii) above.

Chart 1 - Capital Related Revenue Requirement Details

\$ million	2027	2028	2029	2030	2031
For rate base as at the end of 2026					
Cost of Capital					
Short-Term Debt	7.3	6.4	6.2	5.5	4.4
Long-Term Debt	184.2	188.7	189.2	187.7	185.1
Common Equity	411.4	402.5	393.6	384.7	375.8
Total Cost of Capital	603.0	597.5	589.0	577.9	565.3
Depreciation Expense	188.3	188.3	188.3	188.3	188.3
Income Tax Expense	107.5	113.2	116.4	119.8	121.1
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to rate base as at the end of 2026	898.8	899.1	893.7	886.0	874.7
For 2027 to 2031 in-service additions where variances will be tracked in DVAs					
Cost of Capital					
Short-Term Debt	0.2	0.6	1.3	1.6	1.6
Long-Term Debt	6.2	16.4	39.9	53.7	65.2

\$ million	2027	2028	2029	2030	2031
Common Equity	13.9	34.9	83.1	110.1	132.4
Total Cost of Capital	20.4	51.9	124.3	165.5	199.2
Depreciation Expense	4.9	12.5	29.8	39.9	48.4
Income Tax Expense ¹	(77.7)	(46.9)	(27.8)	(17.4)	(6.2)
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to 2027-2031 in-service additions that are captured in DVAs	(52.4)	17.4	126.2	187.9	241.5
For 2027 to 2031 in-service additions where there are no DVAs that would track variances					
Cost of Capital					
Short-Term Debt	0.1	0.3	0.6	0.7	0.7
Long-Term Debt	3.3	10.0	17.1	23.7	29.9
Common Equity	7.4	21.4	35.6	48.6	60.6
Total Cost of Capital	10.9	31.8	53.3	73.0	91.2
Depreciation Expense	22.1	27.6	31.6	35.4	35.0
Income Tax Expense	(2.5)	4.0	(1.0)	(0.8)	(4.2)
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to 2027-2031 in-service additions where there is no DVA for variances	30.5	63.4	83.9	107.5	121.9

¹ Income taxes associated with the CRRR eligible for the CRVA represent CCA related to 2027 to 2031 in-service additions only, without recalculation of the impact of "long-term project" rules described in Ex. F4-2-1, p.8, line 4-11.

- b) Existing and proposed deferral and variance accounts that would track variances to regulated hydroelectric OM&A expenses for 2027-2031 are the CRVA and the Pension and OPEB Cost Variance Account (OPG), both existing accounts, and the Change of Laws Deferral Account (OPG), a newly proposed account in this Application. OPG declines to provide the requested information for 2028 to 2031 as this information is not relevant under the proposed regulated hydroelectric rate-setting methodology (Ex. A1-3-2, Section 2.0). Outside of the C-factor, OPG's proposed hydroelectric rate-setting methodology is based on a detailed review of the 2027 test year (Ex. A1-3-2, Section 2.2). Beyond the 2027 test year, regulated

hydroelectric revenue requirement will be determined formulaically by the proposed annual adjustment mechanism outlined in Ex. A1-3-2, Section 2.3.

The requested information is provided in Chart 2 below. OPG interprets the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event, such as the Change of Laws Deferral Account (OPG). Accordingly, Chart 2 provides the requested information with respect to deferral and variance account coverage for OM&A expenses eligible for the CRVA and the Pension and OPEB Cost Variance Account (OPG).

Chart 2 - OM&A Details

\$ million	2027
2027 OM&A where variances will be tracked in DVAs	
Base OM&A	0.0
Project OM&A ¹	25.3
Outage OM&A	0.0
Allocation of Corporate Costs	0.0
Allocation of Centrally Held Costs ⁴	25.1
Asset Service Fees	0.0
Any other OM&A Expense where variances are tracked in a DVA	0.0
Total Revenue Requirement Impact of 2027 OM&A Expense that are captured in DVAs	50.4
2027 OM&A where there are no DVAs that would track variances	
Base OM&A ²	286.2
Project OM&A ³	101.7
Outage OM&A	0.0
Allocation of Corporate Costs ²	55.3
Allocation of Centrally Held Costs	(19.4)
Asset Service Fees ²	25.2
Any other OM&A Expense where there is no DVA to track variances	0.0
Total Revenue Requirement Impact of 2027 OM&A where there is no DVA for variances	449.0

¹ Refer to Ex. F1-3-1, Table 1, Note 4.

² Refer to Ex. F1-1-1, Table 1, col. (I).

³ Ex. F1-1-1, Table 1, line 2, col. (I) less \$25.3M Project OM&A noted above.

⁴ Pension and OPEB costs subject to deferral and variance account coverage are presented in this line for purposes of this response. Amount is per Ex. L-F4-AMPCO-115, Attachment 1, p.1, line 38 plus Ex. F4-4-1, Table 2, line 1, col. (I) less Ex. F4-3-2, Chart 13 (centrally held pension and OPEB costs therein).

- c) Existing and proposed deferral and variance accounts that would track variances to gross revenue charges (“GRC”) expense for 2027 to 2031 are the Hydroelectric Water Conditions Variance Account (“WCVA”), the Hydroelectric Surplus Baseload Generation Variance Account (“SBGVA”) and the Gross Revenue Charge Variance Account (“GRCVA”). All three are existing accounts.

As discussed in Ex. H1-1-1, Section 5.9, the Application proposes to expand the scope of the GRCVA to record, for all regulated hydroelectric facilities, GRC deductions that may be approved under Ontario Regulation 124/02 and to capture the revenue requirement impact of any differences in GRC expenses that result from a legislative or regulatory change to the GRC rates or rules applicable to OPG’s regulated hydroelectric stations. As discussed in Ex. H1-1-1, Section 5.1, the WCVA records the financial impact of differences in regulated hydroelectric production, including changes in GRC costs, arising from differences between actual and forecast water conditions. As discussed in Ex. H1-1-1, Section 5.4, the SBGVA records the financial impact of foregone production at the regulated hydroelectric facilities due to SBG conditions. Taken together, these accounts do not provide 100% deferral and variance account coverage for the GRC expenses, and the making of any entries into these accounts during the IR term is inherently unknowable and conditional on future events.

The requested information is provided in Chart 3 below. OPG interprets the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event. As discussed above, there is no such deferral or variance account coverage for the GRC expenses.

OPG declines to provide the requested information for 2028 to 2031 for the same reasons as discussed in part b) above.

Chart 3 - Fuel Expense Details

\$ million	2027
2027 Fuel Expense where variances will be tracked in DVAs	
GRC Expense	0.0
Any other Fuel Expense where variances are tracked in a DVA	0.0
Total Revenue Requirement Impact from 2027 Fuel Expense that are captured in DVAs	0.0
2027 Fuel Expense where there are no DVAs that would track variances	

\$ million	2027
GRC Expense ¹	352.2
Any other Fuel Expense where variances are tracked in a DVA	0.0
Total Revenue Requirement Impact from 2027 Fuel Expense where there is no DVA for variances	352.2

¹ Ex. F1-1-1, Table 1, line 7, col. (I).

- d) The Income and Other Taxes Variance Account (OPG), an existing account, would track variances to regulated hydroelectric property tax expenses for 2027-2031. As discussed in Ex. H1-1-1, Section 5.5, this account would be able to record recoverable amounts with respect to property taxes but limited in scope to identified changes in legislative or regulatory changes and related triggers, making any entries in the IR term inherently unknowable and conditional on future events. OPG interprets the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event. For this reason, Chart 4 below provides the requested information without any deferral and variance account coverage.

OPG declines to provide the requested information for 2028 to 2031 for the same reasons as discussed in part b) above.

Chart 4 - Property Tax Details

\$ million	2027
Total Revenue Requirement Impact from 2027 Property Tax Expense that are captured in DVAs	0.0
Total Revenue Requirement Impact from 2027 Property Tax Expense where there is no DVA for variances ¹	2.1

¹ Refer to Ex. F1-1-1, Table 1, line 10, col. (I).

- e) The Ancillary Services Net Revenue Variance Account, an existing account, and the Change of Laws Deferral Account (OPG) would track variances to regulated hydroelectric Other Revenues (and associated costs) for 2027-2031. OPG interprets the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event, such as the Change in Laws Deferral Account (OPG). Accordingly, Chart 5 below provides the requested

information with respect to deferral and variance account coverage for Other Revenues eligible for the Ancillary Services Net Revenue Variance Account.

OPG understands the second portion of the requested table as intending to refer to the 2027-2031 Other Revenue (rather than Property Tax Expense) where there are no deferral and variance accounts that would track variances.

OPG declines to provide the requested information for 2028 to 2031 for the same reasons as discussed in part b) above.

Chart 5 - Other Revenue Details

\$ million	2027
2027 Other Revenue where variances will be tracked in DVAs	
Ancillary Services ¹	49.1
Segregated Mode of Operation	0.0
Water Transactions	0.0
Capacity Exports	0.0
Hydroelectric Incentive Mechanism (HIM) Revenue	0.0
Any additional Other Revenues where variances are tracked in a DVA	0.0
Total Revenue Requirement Impact from 2027 Other Revenues that are captured in DVAs	49.1
2027 Other Revenue where there are no DVAs that would track variances	
Ancillary Services	0.0
Segregated Mode of Operation ¹	1.9
Water Transactions ¹	1.3
Capacity Exports ¹	1.0
HIM Revenue ^{1,2}	17.8
Any additional Other Revenues where there are no DVAs to track variances	0.0
Total Revenue Requirement Impact from 2027 Other Revenues where there is no DVA for variances	22.0

¹ Refer to Ex. G1-1-1, Table 1, col. (I).

² The Hydroelectric Incentive Mechanism Variance Account is proposed to be terminated as of the effective date of the payment amounts order in this proceeding. Refer to Ex. H1-1-1, Section 5.3.

- f) The Income and Other Taxes Variance Account (OPG), the SR&ED ITC Variance Account (OPG), an existing account for the nuclear facilities that is proposed to be extended to the regulated hydroelectric facilities in this Application, and the Pension and OPEB Cost Variance Account (OPG) would track variances to income tax

expenses for the regulated hydroelectric facilities for 2027-2031, in addition to the deferral and variance accounts discussed in part a). OPG interprets the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event, such as the Income and Other Taxes Variance Account (OPG). Accordingly, Chart 6 provides the requested information with respect to deferral and variance account coverage for OM&A expenses eligible for the SR&ED ITC Variance Account (OPG) and the Pension and OPEB Cost Variance Account (OPG).

OPG declines to provide the requested information for 2028 to 2031 for the same reasons as discussed in part b) above.

Chart 6 - Income Tax Expense Details

\$ million	2027
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense that are captured in DVAs	(2.7)
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense where there is no DVA for variances ¹	107.7

¹ Sum of 2027 income tax expense for rate base as at end of 2026 per part a) i) and income tax expense for 2027 in-service additions with no deferral and variance accounts tracking variances per part a) iii), less (\$2.7M) above.

Board Staff Interrogatory #285

Interrogatory

Reference:

Ref 1: Exhibit A1 / Tab 3 / Schedule 2 / Attachment 3 / Confidential Working Papers

Ref 2: Exhibit A1 / Tab 3 / Schedule 2 / Attachment 3 / p. 23

Ref 3: EB-2016-0152 / Exhibit L / Tab 11.1 / Schedule 1 / Staff-247

Preamble:

PEG may perform an alternative OPG cost level benchmarking analysis to support potential recommendations relating to the proposed stretch factor. To do so, PEG will require appropriate data from OPG. Where data have already been provided in this filing or publicly available in previous filings, please provide a reference to where the requested data may be found.

Question(s):

a) Please provide the following information for as many years as the company has data for up to the present its prescribed hydroelectric generating stations to calculate productivity trends. It is quite useful to have the required capital cost data for a lengthy sample period even if the OM&A expense data aren't available. If there are noteworthy discontinuities in the data, including any revaluations of asset values, please explain them. The OPG response to OEB Staff #247 in EB-2016-0152 can serve as a guide and may contain some of the requested historical data.

- i. Value of gross additions to hydroelectric plant.
- ii. Gross value of hydroelectric plant in service and accumulated depreciation on hydroelectric plant.
- iii. The typical average service life by type of asset that OPG uses to determine depreciation rates for hydroelectric assets. These are not required for each year.
- iv. Total hydroelectric operation, maintenance, and administration (OM&A) expenses by account, itemized by major expenditure category where possible. Please itemize any amounts paid for water for power such that they can be removed as it was in London Economics International LLC's (LEI's) study.
- v. Annual depreciation (amortization) charged for hydroelectric plant.
- vi. Nameplate and operational capacity of each hydroelectric generating station operated by OPG. Please identify which units are conventional and which are pumped storage.
- vii. The total hydroelectric OM&A cost related to compensation of company employees. Should this specific dollar figure be confidential or unavailable,

1 please provide a typical percentage of the total (e.g. "about 60%" based on
2 information over 10 years). Does this amount include the cost of pensions and
3 current employee and other post-employment benefits? If so, approximately
4 what percentage of the total is pension and current and post- employment
5 benefits?

6 viii. The weighted average cost of capital, itemized to the extent practicable.
7

8 b) To ensure comparability with US data, please provide information regarding the
9 allocation of certain corporate costs to hydroelectric OM&A. For example, Ontario
10 power distributors often fully allocate certain labor costs such as pensions and
11 benefits to non-A&G accounts such as distribution O&M whereas in the US pension
12 and other benefit expenses are recorded in A&G expenses.
13

14 c) PEG wishes to develop a plant age and other business condition variables to assist
15 with the benchmarking analysis. To align with available US data, please provide the
16 following information for each hydroelectric facility:

17 i. Number of generators and the nameplate capacity of each generator.

18 ii. The in-service date for each hydroelectric facility.

19 iii. The in-service date for each generator currently in service at each facility. Just
20 the year will be sufficient.

21 iv. The mode of each of OPG's hydro plant's operations, from the following
22 categories if possible:

23 i. Canal/Conduit

24 ii. Intermediate Peaking

25 iii. Run-of-river

26 iv. Peaking

27 v. Reregulating

28 vi. Run-of-river/peaking

29 vii. Run-of-river/Upstream peaking

30 v. Is OPG subject to period license renewal to operate its hydroelectric plants? Are
31 these renewals frequently associated with requests for spending to address
32 environmental or other governmental concerns? Please provide the plant name
33 and year in which any OPG facility has subject to or will be subject to license
34 renewal from 2002-2031.

35 vi. OPG is welcome to comment on any other measurable business conditions it
36 faces that it believes have a material impact on cost of operations. Please
37 provide any relevant data that may allow PEG to address such conditions in any
38 benchmarking work it may undertake. Examples might include climate or
39 hydrological conditions.
40

41 d) Please provide forecasted values for the following data items for each year for 2025
42 to 2031. If 2025 actuals are provided in the response to part a of this question, the
43 forecasted data may begin in 2026.

- 1 i. OM&A data consistent with the response to part a of this question.
- 2 ii. Gross plant additions consistent with the response to part a of this question.
- 3 iii. Generation volumes consistent with the response to part a of this question.
- 4 iv. Capacity consistent with the response to part a of this question.
- 5
- 6 e) In its working papers for the productivity calculations for the monetary approach,
- 7 the benchmark year for LEI's capital quantity calculations was 2000. However, on
- 8 page 2 of Reference 3, OPG stated:
- 9 OPG has determined that data dating earlier than 2002 would not provide a
- 10 meaningful basis of comparison over time or with peers. Moreover, pre-2002
- 11 data is not reconcilable with more recent information, due to changes within
- 12 OPG's accounting systems and major changes in the North American
- 13 hydroelectric generating industry around the turn of the century. The data
- 14 provided in this response is from 2002 onward, the same start date used in LEI's
- 15 TFP study. As noted in Ex. A1-3-2, Attachment 1, p. 16, 2002 is the year that the
- 16 Ontario competitive electricity market opened, a significant event impacting
- 17 OPG's business environment. The United States' electricity markets also went
- 18 through reforms and restructuring phases in the late 1990s and early 2000s. As
- 19 a result of these changes, data prior to 2002 would not be reconcilable with
- 20 more recent data, nor would it be representative of OPG or the industry's
- 21 productivity during the period at issue in this application.
- 22
- 23 i. Please reconcile LEI's use of a 2000 benchmark year for OPG with the quote
- 24 from OPG above.
- 25 ii. Did OPG revalue its rate base when it was split off from Ontario Hydro? If so,
- 26 when did that revaluation occur?
- 27
- 28

29 Response

30
31 *The response to part (e) sub (i) was prepared by London Economics International LLC*
32 *("LEI").*

33
34 a)

- 35 i. Refer to Chart 1 for 2016-2025 amounts. Refer to EB-2016-0152, Ex. L-11.1-
- 36 Staff-247, Chart 1 for 2002-2015 amounts.

Chart 1 – Continuity of Gross Regulated Hydroelectric Property, Plant, and Equipment 2016-2025 (\$M)

Line	Year ¹	Opening Balance	In-Service Additions	Retirements, Transfers & Adjustments	Closing Balance
		(a)	(b)	(c)	(d)
1	2016	9,353.2	67.4	13.0	9,433.7
2	2017	9,433.7	153.6	(17.8)	9,569.5
3	2018	9,569.5	146.0	(8.9)	9,706.6
4	2019	9,706.6	248.1	(35.4)	9,919.3
5	2020	9,919.3	147.3	(7.1)	10,059.6
6	2021	10,059.6	249.9	(35.6)	10,273.8
7	2022	10,273.8	524.8	(13.1)	10,785.5
8	2023	10,785.5	269.4	(25.2)	11,029.7
9	2024	11,029.7	349.0	(21.0)	11,357.6
10	2025	11,357.6	392.7	(33.9)	11,716.4

Note 1:

- 2016-2019 data as per Ex. B2-3-1, Table 1
- 2020-2024 data as per Ex. B2-3-1, Table 2
- 2025 data as per L-A1-CCC-001, Attachment 1, Table 3

ii. Refer to Chart 2 for 2016-2025 amounts. Refer to EB-2016-0152, Ex. L-11.1-Staff-247 for 2002-2015 amounts.

Chart 2 – Continuity of Regulated Hydroelectric Accumulated Depreciation and Amortization 2016-2025 (\$M)

Line	Year ¹	Opening Balance	Depreciation and Amortization	Retirements, Transfers & Adjustments	Closing Balance
		(a)	(b)	(c)	(d)
1	2016	1,940.4	139.9	(3.1)	2,077.1
2	2017	2,077.1	138.9	(6.6)	2,209.5
3	2018	2,209.5	140.8	(4.2)	2,346.0
4	2019	2,346.0	144.9	(32.5)	2,458.4
5	2020	2,458.4	144.6	(4.0)	2,599.0
6	2021	2,599.0	146.2	(26.2)	2,718.9
7	2022	2,718.9	154.2	(8.9)	2,864.3
8	2023	2,864.3	160.8	(13.4)	3,011.7
9	2024	3,011.7	169.3	(15.2)	3,165.7
10	2025	3,165.7	176.6	(16.4)	3,325.9

Note 1:

- 2016-2019 data as per Ex. B2-4-1, Table 1
- 2020-2024 data as per Ex. B2-4-1, Table 2
- 2025 data as per L-01-CCC-001, Attachment 1, Table 4

iii. A list of asset classes and associated service lives for the regulated hydroelectric assets can be found at Ex. F4-1-1, Attachment 7, pp. 17-18.

The overall weighted average service life for all of the regulated hydroelectric plant is estimated to be between 80-85 years. The overall weighted average service life assumption for the regulated hydroelectric in-service additions is estimated at approximately 60 years.

iv. Refer to Attachment 1, which presents the total OM&A costs for the regulated hydroelectric facilities by account. The attachment also includes Project OM&A costs (a subset of Maintenance costs), Support Group costs, and Corporate Allocated costs (i.e., Corporate Support Services, Centrally Held Costs, and Asset Service Fees). OM&A and Total costs are comparable to pre-2016 amounts. Support Group and Corporate Allocated

1 costs are not comparable to pre-2016 amounts due to organizational
2 changes (refer to Ex. L-F1-AMPCO-099).

3
4 Neither the costs provided in Attachment 1 nor the costs provided to LEI
5 include Gross Revenue Charges and water rental costs.

6
7 v. Refer to Chart 2.

8
9 vi. Refer to Attachment 2 for 2016-2025 values. All of OPG's regulated
10 hydroelectric stations are conventional hydroelectric generating stations,
11 with the exception of Sir Adam Beck Pump GS, which is a pumped storage
12 facility.

13
14 The individual units in a number of stations have undergone several
15 upgrades since the original in-service dates. As a result, the nameplate
16 capacity does not accurately reflect the capacity of the facilities. OPG
17 defines operational capacity as the Maximum Continuous Rating ("MCR") in
18 MW for each operating hydroelectric unit, as registered with the IESO.

19
20 vii. Approximately 60% of regulated hydroelectric OM&A costs ("Total Costs"
21 shown in Attachment 1) is related to the compensation of company
22 employees. This includes the current service cost for pension and other
23 post-employment benefits ("OPEB") determined in accordance with US
24 GAAP, and current employee benefit costs. Approximately 25% of the
25 compensation costs (or 15% of the Total Costs) is associated with these
26 benefits. In addition, Total Costs include the regulated hydroelectric portion
27 of non-current service components of pension and OPEB costs held
28 centrally.

29
30 viii. Refer to Chart 3 for 2016-2025 values.

**Chart 3 – Weighted Average Cost of Capital Components, OEB-Approved
Values Underpinning Last Cost Based Payment Amounts (EB-2013-0321)**

Line No.	WACC Component	2016-2025
1	Debt Ratio (%) ¹	55%
2	Debt Cost (\$M) ¹	4.85%
3	Equity Ratio (%) ¹	45%
4	ROE (%) ¹	9.30%
5	Tax Rate (%) ²	25.0%

Notes:

1. From EB-2013-0321 Payment Amount Order Appendix A, Table 6b
2. From EB-2013-0321 Payment Amount Order Appendix A, Table 8

b) The Corporate Allocated OM&A costs for the regulated hydroelectric facilities are shown in Attachment 1. These costs include Corporate Support Costs (such as Corporate & Technology Services, Real Estate, Finance, Supply Chain, Human Resources and Corporate Centre), Centrally Held Costs (such as components of pension and OPEB costs, insurance, employee incentives) and Asset Service Fees.

Details of OPG's Corporate Allocated OM&A costs can be found at the following:

- Ex. F3-1-1, Allocation of Support Service Costs
- Ex. F3-2-1, Asset Service Fees
- Ex. F4-4-1, Centrally Held Costs.

c) Parts i) to iv) – refer to Attachment 3. MCR data for all units is presented as of 2025 – refer to Chart 5 for expected capacity increases for stations undergoing refurbishment or redevelopment. For stations currently undergoing redevelopment (as noted in Attachment 3), MCR values are as of the date the units were brought offline. The mode of operations for each station is presented as per OPG's definitions.

v. OPG receives an OEB Generation License for all of its generating facilities, including its regulated hydroelectric assets. The License was renewed on October 3, 2023 and expires October 2, 2043. There have been no requests for spending.

Spending associated with regulatory and contractual obligations are described in Ex. F1-1-1, Section 3.2.3.2; amounts are detailed in Ex. F1-3-1, Table 2 and Ex. D1-1-1, Table 3. Spending for water rental charges and other costs associated with leases, licenses, funding of Control Boards, or agreements with other governments, agencies, or companies are described in Ex. F1-4-1, Section 4.0; amounts are detailed in Ex. F1-4-1, Table 1.

vi. Any material impacts or risks to OPG's cost of operations for its regulated hydroelectric business have been described in the pre-filed evidence – refer to Ex. A2-2-1 and Ex. F1-1-1.

d)

i. Refer to Attachment 1 for 2026-2027 forecast amounts. OPG declines to provide OM&A for the outer years of the period (i.e., 2028-2031) as this information is not relevant under the proposed regulated hydroelectric rate-setting methodology (Ex. A1-3-2, Section 2.0). Outside of the C-factor, OPG's proposed hydroelectric rate-setting methodology is based on a detailed review of the 2027 test year (Ex. A1-3-2, Section 2.2). Beyond the 2027 test year, regulated hydroelectric revenue will be determined formulaically by the proposed annual adjustment mechanism outlined in Ex. A1-3-2, Section 2.3.

ii. Refer to Chart 4.

Chart 4 – Continuity of Gross Regulated Hydroelectric Property, Plant, and Equipment 2026-2031 (\$M)¹

Line	Year	Opening Balance	In-Service Additions	Retirements, Transfers & Adjustments	Closing Balance
		(a)	(b)	(c)	(d)
1	2026	11,765.7	532.9	(11.1)	12,287.5
2	2027	12,287.5	843.1	(19.1)	13,111.4
3	2028	13,111.4	1,106.3	(19.8)	14,197.9
4	2029	14,197.9	1,117.1	(19.7)	15,295.3
5	2030	15,295.3	940.0	(20.3)	16,215.1
6	2031	16,215.1	628.6	(18.7)	16,825.0

Note 1: Data as per Ex. B2-3-1, Table 3.

iii. OPG assumes “production volumes” to mean total electricity generation. Refer to Ex. E1-1-1, Table 1 for the 2025-2027 data. Refer to Ex. L-A1-SEC-011 regarding the 2028-2031 data.

iv. Refer to Chart 5. For stations undergoing refurbishment or redevelopment, forecast capacity increases are subject to post-testing verification.

Chart 5 – Regulated Hydroelectric Generating Station Capacity: 2025 Actual, 2026-2031 Forecast (MW)

Generating Station	2025	2026	2027	2028	2029	2030	2031
Abitibi Canyon	344.8	344.8	344.8	344.8	344.8	344.8	344.8
Arnprior	81.6	81.6	81.6	81.6	81.6	81.6	81.6
Barrett Chute	176.1	176.1	176.1	176.1	176.1	176.1	176.1
Bingham Chute	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Calabogie	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Chats Falls⁵	96.0	96.0	96.0	96.0	96.0	96.0	96.0
Chenau	143.7	143.7	143.7	143.7	143.7	143.7	143.7
Chute	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Coniston¹	2.7	2.7	6.0	6.0	6.0	6.0	6.0
Crystal Falls	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Des Joachims	428.8	428.8	428.8	428.8	428.8	428.8	428.8
Elliott Chute	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Lower Notch	274.2	274.2	274.2	274.2	274.2	274.2	274.2
Matabitchuan⁷	9.6	9.6	9.6	12.0	12.0	12.0	12.0
McVittie	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Mountain Chute	170.2	170.2	170.2	170.2	170.2	170.2	170.2
Nipissing²	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Otter Rapids	188.2	193.3	193.3	198.4	203.5	203.5	203.5
Otto Holden	242.8	242.8	244.7	246.6	248.5	250.4	250.4
R.H. Saunders	1045.0	1045.0	1045.0	1049.5	1059.0	1059.0	1059.0
Stewartville	182.1	182.1	182.8	183.5	183.5	183.5	183.5
Stinson³	5.4	5.4	6.0	6.0	6.0	6.0	6.0
Aguasabon	47.1	47.1	47.1	47.1	47.1	47.1	47.1
Alexander	68.9	68.9	68.9	68.9	68.9	68.9	68.9
Auburn	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Big Chute	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Big Eddy	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Cameron Falls	91.6	92.5	92.5	92.5	92.5	92.5	92.5

Caribou Falls	91.3	91.3	91.3	91.3	91.3	91.3	91.3
Eugenia	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Frankford	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Hagues Reach	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Hanna Chute	1.4	1.4	1.4	1.4	1.4	1.4	1.4
High Falls	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Kakabeka Falls⁴	24.6	24.6	27.4	27.4	27.4	27.4	27.4
Lakefield	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Manitou Falls	73.1	73.1	73.1	73.1	73.1	73.1	73.1
Merrickville	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Meyersburg	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Pine Portage	145.9	145.9	145.9	145.9	145.9	145.9	145.9
Ragged Rapids	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Ranney Falls	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Seymour	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Sidney	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Sills Island	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Silver Falls	52.4	52.4	52.4	52.4	52.4	52.4	52.4
South Falls	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Trethewey Falls	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Whitedog Falls	67.8	67.8	67.8	67.8	67.8	67.8	67.8
DeCew Falls 1	22.8	22.8	22.8	22.8	22.8	22.8	22.8
DeCew Falls 2	144.0	144.0	144.0	144.0	144.0	144.0	144.0
Sir Adam Beck 1⁶	551.8	551.8	553.8	558.8	563.8	563.8	563.8
Sir Adam Beck 2	1499.2	1499.2	1499.2	1500.7	1502.2	1505.2	1505.2
Sir Adam Beck PGS	174.0	174.0	174.0	174.0	174.0	174.0	174.0

Notes:

1. Coniston GS is currently being redeveloped.
2. Nipissing GS has no units currently in service.
3. Stinson GS is currently being redeveloped.
4. Kakabeka Falls GS is currently being redeveloped.

5. Total station installed capacity is 192 MW; OPG is entitled to 50% of the capacity (96 MW) – refer to Ex. A1-4- 2, Section 2.1.
6. MCR for Sir Adam Beck 1 GS was updated based on performance test on April 15, 2026.
7. Matabitchuan GS is currently being redeveloped.

e) i) The first year of LEI's TFP study is 2002, which is consistent with OPG's statement noted above. For purposes of a monetary approach, LEI requires some limited data on historical capital that predates the start year – this is what is known as the “benchmark year” in productivity studies using the monetary method. It is important to consider the objective in selecting a benchmark year for purposes of estimating the capital input quantity under a monetary TFP approach – as explained on page 17 of LEI's TFP report:

“For most of hydroelectric generation assets, there is lack of recorded public data to the date of original construction (which we refer to as “date of origination”), which means that we are forced to accept a starting point that does not go back to the date of origination, which we refer to as the “benchmark year” for the capital data series. Since the capital quantity estimate will not be exact, it is preferable to have capital input data as far back as possible so that the vintages of additions and retirements can be more accurately accounted for. Based on industry practice, a significant number of years of data is typically required (above and beyond the TFP study timeframe) in order to reasonably estimate the capital input quantities.”

With this objective in mind, LEI used a benchmark year of 1994 for estimating the capital input quantities for the FERC Form 1 peers included in the industry TFP sample. As noted on page 41 of the TFP report, 1994 was selected as the benchmark year for the FERC Form 1 peers because *“that was a year where data was readily available in digital form for FF1 peers”* and as noted on page 18 of the TFP report, *“going back further than this is not practical and would have meant losing data coverage for some peers, which would have reduced the scope and representativeness of the TFP study.”*

For OPG, financial data for its regulated hydroelectric assets going back to 1994 was not available, which aligns with OPG's statement noted above. However, as described on page 41 of LEI's TFP report, *“LEI obtained re-assessed plant valuations (i.e., market value) in terms of gross book value in 1999”* from OPG, which allowed LEI to set the benchmark year to 2000 for OPG. Therefore, for both the FERC Form 1 peers and OPG, LEI used benchmark years as far back as the data feasibly allowed.

- 1 ii) Yes, OPG was established through the purchase of a set of assets from
- 2 Ontario Hydro on April 1, 1999.

Numbers may not add due to rounding.

L-A1-Staff-285 - Attachment 1

OM&A - Regulated Hydroelectric

Total Hydroelectric Operation, Maintenance, and Administration (OM&A) 2016-2027 (\$M)

Year	Operations Cost	Maintenance Cost	Administration Cost	Project OM&A ¹	Total Operating Region Costs	Support Costs ²	Corporate Allocated Costs ^{2, 3}	Total Costs
	(a)	(b)	(c)	(d)	(a)+(b)+(c)	(e)	(f)	(a)+(b)+(c)+(e)+(f)
2016	20.9	152.9	20.5	38.3	194.3	49.8	90.9	335.0
2017	21.4	159.3	17.6	42.2	198.3	52.0	72.5	322.8
2018	22.6	165.2	16.7	53.8	204.5	54.9	77.5	336.9
2019	21.5	164.8	16.8	54.3	203.1	54.6	78.3	335.9
2020	22.3	161.8	18.5	52.8	202.6	54.6	60.5	317.8
2021 ⁴	23.2	183.1	17.2	71.6	223.5	53.5	76.9	353.9
2022	25.1	191.7	17.6	74.0	234.4	55.0	58.7	348.2
2023	27.7	207.3	18.1	75.1	253.0	58.6	43.8	355.4
2024	27.8	212.3	17.0	67.9	257.0	62.1	75.4	394.4
2025	30.5	215.1	16.9	71.9	262.5	65.4	72.5	400.4
2026 Budget	30.3	240.8	21.7	86.7	292.7	68.1	71.8	432.6
2027 Plan	31.8	281.3	23.3	123.3	336.5	73.1	83.1	492.7

Notes

- 1 Project OM&A is provided for information only. It is a subset of Maintenance Costs (column B). Project OM&A excludes costs associated with hydroelectric business development.
- 2 Support Group and Corporate Allocated Costs are not split between Operations, Maintenance, and Administration.
- 3 Corporate Allocated Costs includes Corporate Support Services, Centrally Held Costs, and Asset Service Fees. IESO non-energy charges are excluded.
- 4 2021 Project OM&A excludes provision of \$9.5M in connection with a Final Settlement Agreement with a First Nation for shoreline erosion.
- 5 Operations, Maintenance, Administrative, and Total costs are comparable to pre 2016 levels. Support and Corporate allocations are not comparable due to organizational changes - refer to Ex. L-F1-AMPCO-099.

Region	Generating Station	2016 Capacity (MW)	2017 Capacity (MW)	2018 Capacity (MW)	2019 Capacity (MW)	2020 Capacity (MW)	2021 Capacity (MW)	2022 Capacity (MW)	2023 Capacity (MW)	2024 Capacity (MW)	2025 Capacity (MW)
Eastern	Abitibi Canyon	344.8	344.8	344.8	344.8	344.8	344.8	344.8	344.8	344.8	344.8
	Arnprior	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6
	Barrett Chute	176.1	176.1	176.1	176.1	176.1	176.1	176.1	176.1	176.1	176.1
	Bingham Chute	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Calabogie	5.0	5.0	5.0	5.0	5.0	5.0	5.0	10.7	10.7	10.7
	Chats Falls	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0	96.0
	Chenault	143.7	143.7	143.7	143.7	143.7	143.7	143.7	143.7	143.7	143.7
	Chute	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
	Coniston	3.8	3.8	3.8	2.7	2.7	2.7	2.7	2.7	2.7	2.7
	Crystal Falls	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
	Des Joachims	428.8	428.8	428.8	428.8	428.8	428.8	428.8	428.8	428.8	428.8
	Elliott Chute	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
	Lower Notch	274.2	274.2	274.2	274.2	274.2	274.2	274.2	274.2	274.2	274.2
	Matabitchuan	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
	McVittie	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
	Mountain Chute	170.2	170.2	170.2	170.2	170.2	170.2	170.2	170.2	170.2	170.2
	Nipissing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Otter Rapids	182.4	182.4	182.4	182.4	182.4	182.4	182.4	182.4	182.4	188.2
	Otto Holden	242.8	242.8	242.8	242.8	242.8	242.8	242.8	242.8	242.8	242.8
	R.H. Saunders	1045.0	1045.0	1045.0	1045.0	1045.0	1045.0	1045.0	1045.0	1045.0	1045.0
	Stewartville	182.1	182.1	182.1	182.1	182.1	182.1	182.1	182.1	182.1	182.1
	Stinson	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Western	Aguasabon	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1
	Alexander	69.0	69.0	68.9	68.9	68.9	68.9	68.9	68.9	68.9	68.9
	Auburn	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
	Big Chute	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Big Eddy	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
	Cameron Falls	91.6	91.6	91.6	91.6	91.6	91.6	91.6	91.6	91.6	91.6
	Caribou Falls	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3
	Eugenia	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
	Frankford	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
	Hagues Reach	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
	Hanna Chute	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
	High Falls	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
	Kakabeka Falls	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6
	Lakefield	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Manitou Falls	73.1	73.1	73.1	73.1	73.1	73.1	73.1	73.1	73.1	73.1
	Merrickville	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
	Meyersburg	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
	Pine Portage	145.3	145.3	145.3	145.3	145.3	145.3	145.3	145.9	145.9	145.9
	Ragged Rapids	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
	Ranney Falls	10.0	10.0	10.0	10.0	10.0	10.0	19.5	19.5	19.5	19.5
	Seymour	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
	Sidney	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
	Sills Island	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Silver Falls	48.0	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4
	South Falls	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
	Trethewey Falls	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
	Whitedog Falls	67.8	67.8	67.8	67.8	67.8	67.8	67.8	67.8	67.8	67.8
Niagara	DeCew Falls 1	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8
	DeCew Falls 2	144.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0
	Sir Adam Beck 1	432.4	437.9	437.9	437.9	437.9	437.9	437.9	548.3	548.3	551.8
	Sir Adam Beck 2	1499.2	1499.2	1499.2	1499.2	1499.2	1499.2	1499.2	1499.2	1499.2	1499.2
	Sir Adam Beck PGS*	174.0	174.0	174.0	174.0	174.0	174.0	174.0	174.0	174.0	174.0

*Note: Only Sir Adam Beck PGS are pump generating units

Station	Mode of Operations	Generating Unit	MCR (MW) 2025	In-Service Date (Generator)	In-Service Date (Station)
Eastern					
Abitibi Canyon	Peaking	G1	69.5	1997	1933
		G2	69.5	1977	1933
		G3	68.6	1965	1959
		G4	68.6	1965	1936
		G5	68.6	1965	1936
Arnprior	Peaking	G1	40.8	1976	1976
		G2	40.8	1977	1977
Barrett Chute	Peaking	G1	21.2	1942	1942
		G2	20.5	1942	1942
		G3	67.2	1968	1968
		G4	67.2	1968	1968
Bingham Chute	Run-of-river	G1	0.48	1923	1923
		G2	0.48	1923	1923
Calabogie	Run-of-river	G1	5.35	2023	2023
		G2	5.35	2023	2023
Chats Falls ⁵	Run-of-river	G2	24.0	1931	1931
		G3	24.0	1931	1931
		G4	24.0	1931	1931
		G5	24.0	1931	1931
Chenau	Intermediate	G1	18.0	1950	1950
		G2	18.0	1950	1950
		G3	18.0	1950	1950
		G4	18.0	1950	1950
		G5	18.0	1951	1951
		G6	18.0	1951	1951
		G7	17.7	1951	1951
		G8	18.0	1951	1951
Chute	Run-of-river	G1	1.46	1923	1923
		G2	1.46	1923	1923
Coniston ¹	Run-of-river	G1	0	1905	1905
		G2	0	1907	1907
		G3	2.65	1915	1915
Crystal Falls	Run-of-river	G1	2.11	1921	1921
		G2	2.11	1921	1921
		G3	2.11	1921	1921
		G4	2.11	1921	1921
Des Joachims	Intermediate	G1	53.6	1950	1950
		G2	53.6	1950	1950
		G3	53.6	1950	1950
		G4	53.6	1950	1950
		G5	53.6	1950	1950
		G6	53.6	1950	1950
		G7	53.6	1950	1950
		G8	53.6	1951	1951
Elliott Chute	Run-of-river	G1	1.64	1929	1929
Lower Notch	Peaking	G1	137.1	1971	1971
		G2	137.1	1971	1971
Matabitchuan ⁷	Run-of-river	G1	2.4	1910	1910
		G2	2.4	1910	1910
		G3	2.4	1910	1910
		G4	2.4	1910	1910
McVittie	Run-of-river	G1	1.38	1912	1912
		G2	1.38	1912	1912
Mountain Chute	Peaking	G1	85.1	1967	1967
		G2	85.1	1967	1967
Nipissing ²	Run-of-river	0	0	1909	1909
Otter Rapids	Peaking	G1	45.6	1961	1961
		G2	51.4	1961	1961
		G3	45.6	1963	1963

Station	Mode of Operations	Generating Unit	MCR (MW) 2025	In-Service Date (Generator)	In-Service Date (Station)
		G4	45.6	1963	1963
Otto Holden	Intermediate	G1	28.1	1952	1952
		G2	28.1	1952	1952
		G3	28.1	1952	1952
		G4	28.1	1952	1952
		G5	32.6	1952	1952
		G6	32.6	1952	1952
		G7	32.6	1952	1952
		G8	32.6	1953	1953
R.H. Saunders	Baseload	G1	66.2	1958	1958
		G2	66.2	1958	1958
		G3	66.2	1958	1958
		G4	66.2	1958	1958
		G5	66.2	1958	1958
		G6	66.2	1958	1958
		G7	66.2	1958	1958
		G8	66.2	1959	1959
		G9	66.2	1959	1959
		G10	56.5	1959	1959
		G11	66.2	1959	1959
		G12	66.2	1959	1959
		G13	66.2	1959	1959
		G14	66.2	1959	1959
		G15	66.2	1959	1959
		G16	61.7	1959	1959
Stewartville	Peaking	G1	22.1	1948	1948
		G2	22.1	1948	1948
		G3	22.1	1948	1948
		G4	57.9	1969	1969
		G5	57.9	1969	1969
Stinson ³	Run-of-river	G1	2.7	1925	1925
		G2	2.7	1925	1925
Western					
Aguasabon	Run-of-river	G1	23.1	1948	1948
		G2	24	1948	1948
Alexander	Run-of-river	G1	12.6	1930	1930
		G2	12.6	1930	1930
		G3	12.6	1931	1931
		G4	15	1945	1945
		G5	16.1	1958	1958
Auburn	Run-of-river	G1	0.62	1911	1911
		G2	0.64	1911	1911
		G3	0.64	1912	1912
Big Chute	Run-of-river	G1	10	1993	1993
Big Eddy	Run-of-river	G1	4	1941	1941
		G2	4	1941	1941
Cameron Falls	Run-of-river	G1	10.4	1921	1921
		G2	10.3	1920	1920
		G3	11.7	1924	1924
		G4	11.7	1924	1924
		G5	12.7	1925	1925
		G6	12.7	1926	1926
		G7	22.1	1958	1958
Caribou Falls	Run-of-river	G1	30.3	1958	1958
		G2	30.7	1958	1958
		G3	30.3	1958	1958
Eugenia	Intermediate	G1	1.7	1915	1915
		G2	1.7	1915	1915
		G3	2.7	1920	1920
Frankford	Run-of-river	G1	0.65	1913	1913
		G2	0.65	1913	1913
		G3	0.65	1913	1913

Station	Mode of Operations	Generating Unit	MCR (MW) 2025	In-Service Date (Generator)	In-Service Date (Station)
		G4	0.65	1913	1913
Hagues Reach	Run-of-river	G1	1.2	1925	1925
		G2	1.2	1925	1925
		G3	1.2	1925	1925
Hanna Chute	Run-of-river	G1	1.38	1926	1926
High Falls	Run-of-river	G1	0.91	1920	1920
		G2	0.91	1920	1920
		G3	0.91	1920	1920
Kakabeka Falls ⁴	Run-of-river	G1	5.3	1906	1906
		G2	5.3	1906	1906
		G3	5.3	1911	1911
		G4	8.7	1914	1914
Lakefield	Run-of-river	G1	1.8	1928	1928
Manitou Falls	Run-of-river	G1	14.9	1956	1956
		G2	14.9	1956	1956
		G3	14.9	1956	1956
		G4	13.5	1956	1956
		G5	14.9	1958	1958
Merrickville	Run-of-river	G1	0.85	1994	1915
		G2	0.85	1994	1919
Meyersburg	Run-of-river	G1	1.73	1924	1924
		G2	1.73	1924	1924
		G3	1.73	1924	1924
Pine Portage	Run-of-river	G1	35.9	1950	1950
		G2	35.9	1950	1950
		G3	37	1954	1954
		G4	37.1	1954	1954
Ragged Rapids	Run-of-river	G1	4.15	1938	1938
		G2	4.15	1938	1938
Ranney Falls	Run-of-river	G1	4.8	1922	1922
		G2	4.8	1922	1922
		G3	9.85	2022	1926
Seymour	Run-of-river	G1	1.14	1995	1909
		G2	1.14	1995	1909
		G3	1.14	1995	1909
		G4	1.14	1995	1909
		G5	1.14	1995	1909
Sidney	Run-of-river	G1	1.1	1994	1911
		G2	1.1	1994	1911
		G3	1.1	1994	1911
		G4	1.1	1994	1911
Sills Island	Run-of-river	G3	0.9	1945	1900
		G2	0.9	1965	1900
Silver Falls	Run-of-river	G1	52.4	1959	1959
South Falls	Run-of-river	G1	2.2	1916	1916
		G2	1.5	2016	1925
		G3	2.2	1925	1925
Tretheway Falls	Run-of-river	G1	1.77	1929	1929
Whitedog Falls	Run-of-river	G1	22.6	1958	1958
		G2	22.6	1958	1958
		G3	22.6	1958	1958
Niagara					
DeCew Falls 1	Run-of-river	G1	5.7	1898	1898
		G2	5.7	1898	1898
		G3	5.7	1898	1898
		G4	5.7	1898	1898
DeCew Falls 2	Run-of-river	G1	72	1943	1943
		G2	72	1948	1947
		G1	55.1	1922	1922
		G2	55.3	1922	1922
		G3	55	1924	1922
		G4	53.1	1922	1922

Station	Mode of Operations	Generating Unit	MCR (MW) 2025	In-Service Date (Generator)	In-Service Date (Station)
Sir Adam Beck 1 ⁶	Baseload	G5	56.56	1923	1922
		G6	53.1	1924	1922
		G7	57.5	1924	1922
		G8	53.1	1925	1922
		G9	58	1925	1922
		G10	55	1930	1922
Sir Adam Beck 2	Baseload	G11	93.7	1954	1954
		G12	93.7	1954	1954
		G13	93.7	1954	1954
		G14	93.7	1954	1954
		G15	93.7	1954	1954
		G16	93.7	1954	1954
		G17	93.7	1954	1954
		G18	93.7	1955	1954
		G19	93.7	1955	1954
		G20	93.7	1955	1954
		G21	93.7	1955	1954
		G22	93.7	1955	1954
		G23	93.7	1957	1954
		G24	93.7	1957	1954
		G25	93.7	1958	1954
		G26	93.7	1958	1954
Pump Generating Station	Peaking	G1	29	1957	1957
		G2	29	1957	1957
		G3	29	1957	1957
		G4	29	1958	1957
		G5	29	1958	1957
		G6	29	1958	1957

*The mode of operations for OPG's hydroelectric stations are defined as follows:

Baseload: Operates at nearly constant output and have limited storage ability. At these facilities, hydroelectric energy must either be generated or will typically result in spill.

Run of River: Typically has minimal forebay storage and passes some or all of the inflow through one or more turbines on a continuous basis, with the remainder (if any) going over an existing falls or spillway. Many of these facilities operate at both peak and off-peak hours.

Intermediate: Has "moderate" storage. These facilities have some ability to store water during off-peak hours in their forebays and/or in an upstream reservoir.

Peaking: Operates during periods of high energy demand, typically during the daytime on weekdays. These facilities have the ability to store water during off-peak hours in their forebays and/or in an upstream reservoir.

Notes on station capacity:

1. Coniston GS is currently being redeveloped.
2. Nipissing GS has no units currently in service.
3. Stinson GS is currently being redeveloped.
4. Kakabeka Falls GS is currently being redeveloped
5. Total station installed capacity is 192 MW; OPG is entitled to 50% of the capacity (96 MW) – refer to Ex. A1-4- 2, Section 2.1.
6. MCR for Sir Adam Beck 1 GS was updated based on performance test on April 15, 2026.
7. Matabitchuan GS is currently being redeveloped.

Board Staff Interrogatory #293

Interrogatory

Reference:

Ref 1: Exhibit A1 / Tab 3 / Schedule 2 / Chart 15

Ref 2: Exhibit I1 / Tab 1 / Schedule 1 / Tables 2 and 2a

Preamble:

At Reference 1, OPG describes the policy objectives of the Nuclear Custom IR Framework. The Framework is a five-year cost of service application with a proposed stretch factor reduction. The summary states that operational effectiveness, outcomes & performance measurement, customer focus, and protecting customers are the policy objectives.

The two tables that are Reference 2 detail the OPG Nuclear and DNNP Revenue Requirements for 2027-2031. The Revenue Requirements before the application of stretch factor are the sum of five general categories. These are: the Cost of Capital; the sum of the OM&A, Fuel, Depreciation & Amortization, and Property Tax Expenses; less Other Revenues; Concurrent Cost Recovery Costs; and Income Tax Expense. The cumulative OPG Nuclear and DNNP Facilities Revenue Requirement, before stretch factor and without the impact of payment amount riders, is \$26,588 million.

The two tables that are Reference 2 are summarized as follows:

Table 1: Sum of OPG Nuclear and DNNP Revenue Requirements 2027-2031

#	\$ million	OPG Nuclear	DNNP	sum
1	Total Cost of Capital	6,264	720	6,984
2	OM&A	9,547	678	10,225
3	Fuel	1,164	104	1,267
4	Depreciation & Amortization	3,875	132	4,007
5	Property Tax	72	5	77
6	Bruce Lease Revenues Net of Direct Costs	(22)		(22)
7	Ancillary and Other Revenue	90		90
8	Concurrent Cost Recovery - Pickering Refurbishment Program	2,923		2,923
9	Concurrent Cost Recovery - DNNP		1,120	1,120
10	Income Tax	(83)	-	(83)
Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 + 9 + 10			Total, 2027 to 2031:	26,451

Question(s):

- a) Please confirm the values in the above table. If not confirmed, please correct any erroneous transcription errors and reference the corrected amounts in the responses to this interrogatory. Please ensure reconciliation to the above / corrected table and explain any additional details for that reconciliation.
- b) Please list all deferral and variance accounts (DVAs), either existing or proposed, that relate to the capital related revenue requirement due to 2027 to 2031 in-service additions. Further, please provide an annual breakdown of the capital-related revenue requirement in each of 2027 to 2031 for the following categories of rate base by completing the following table:
- Rate base as at the end of 2026
 - In-service additions over the 2027 to 2031 period where variances would be tracked by a deferral or variance account.
 - In-service additions over the 2027 to 2031 period where no deferral or variance account would track variances.

Table 2: Capital Related Revenue Requirement Details

\$ million	2027	2028	2029	2030	2031
i. For rate base as at the end of 2026					
Cost of Capital					
Short-Term Debt					
Long-Term Debt					
Common Equity					
EB-2020-0290 Settlement Adjustment for Equity at Long-Term Debt Rate					
Adjustment for Lesser of Unfunded Nuclear Liabilities (UNL) or Asset Retirement Cost (ARC)					
Total Cost of Capital					
Depreciation Expense					
Income Tax Expense					
Any other Revenue Requirement Impact					
Total Revenue Requirement Impact relating to rate base as at the end of 2026					
ii. For 2027 to 2031 in-service additions where variances will be tracked in DVAs					
Cost of Capital					
Short-Term Debt					
Long-Term Debt					
Common Equity					
Adjustment for Lesser of UNL or ARC					
Total Cost of Capital					
Depreciation Expense					
Income Tax Expense					

\$ million	2027	2028	2029	2030	2031
Any other Revenue Requirement Impact					
Total Revenue Requirement Impact relating to 2027-2031 in-service additions that are captured in DVAs					
iii. For 2027 to 2031 in-service additions where there are no deferral or variance accounts that would track variances					
Cost of Capital					
Short-Term Debt					
Long-Term Debt					
Common Equity					
Adjustment for Lesser of UNL or ARC					
Total Cost of Capital					
Depreciation Expense					
Income Tax Expense					
Any other Revenue Requirement Impact					
Total Revenue Requirement Impact relating to 2027-2031 in-service additions where there is no DVA for variances					

- a) Please list all DVAs that would track variances to OM&A expenses from 2027 to 2031. Similar to above, please provide a breakdown of those OM&A expenses for which variances would be tracked by a DVA, and of those which would not tracked by a DVA, by completing the following table:

Table 3: OM&A Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 OM&A where variances will be tracked in DVAs					
Nuclear Facilities Base OM&A					
Nuclear Facilities Project OM&A					
Nuclear Facilities Outage OM&A					
Pickering Cyclical Maintenance OM&A					
DNNP Operational Readiness					
Allocation of Corporate Costs					
Allocation of Centrally Held Costs					
Asset Service Fees					
Any other OM&A Expense where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 OM&A Expenses that are captured in DVAs					
2027 to 2031 OM&A where there are no DVAs that would track variances					
Nuclear Facilities Base OM&A					
Nuclear Facilities Project OM&A					
Nuclear Facilities Outage OM&A					
Pickering Cyclical Maintenance OM&A					

\$ million	2027	2028	2029	2030	2031
DNNP Operational Readiness					
Allocation of Corporate Costs					
Allocation of Centrally Held Costs					
Asset Service Fees					
Any other OM&A Expense where there is no deferral or variance account to track variances					
Total Revenue Requirement Impact from 2027-2031 OM&A where there is no DVA for variances					

- b) Please list all DVAs that would track variances to Nuclear Fuel expenses from 2027 to 2031. Similar to above, please provide a breakdown of those Fuel expenses by completing the following table:

Table 4: Fuel Expense Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Fuel Expense where variances will be tracked in DVAs					
Canada Deuterium Uranium (CANDU) Fuel Costs					
Small Modular Reactor (SMR) Fuel Costs					
Any other Fuel Expense where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 Fuel Expense that are captured in DVAs					
2027 to 2031 Fuel Expense where there are no DVAs that would track variances					
CANDU Fuel Costs					
SMR Fuel Costs					
Any other Fuel Expense where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 Fuel Expense where there is no DVA for variances					

- c) Please list all DVAs that would track variances to Property Tax expenses from 2027 to 2031. Similar to above, please provide a breakdown of those Property Tax expenses by completing the following table:

Table 5: Property Tax Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Property Tax Expense where variances will be tracked in DVAs					
Darlington Nuclear Generating Station (NGS)					
Pickering NGS					
DNNP Facilities					
Any other Property Tax Expense where variances are tracked in a DVA					

\$ million	2027	2028	2029	2030	2031
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense that are captured in DVAs					
2027 to 2031 Property Tax Expense where there are no DVAs that would track variances					
Darlington NGS					
Pickering NGS					
DNNP Facilities					
Any other Property Tax Expense where there are no variance accounts to track variances					
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense where there is no DVA for variances					

- d) Please list all DVAs that would track variances to Other Revenues from 2027 to 2031. Similar to above, please provide a breakdown of those Other Revenues by completing the following table:

Table 6: Other Revenue Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Other Revenue where variances will be tracked in DVAs					
Bruce Lease Revenues					
Bruce Lease Costs					
Non-Energy Revenues					
Non-Energy Direct Costs					
Ancillary Services					
Any additional Other Revenues where variances are tracked in a DVA					
Total Revenue Requirement Impact from 2027-2031 Other Revenues that are captured in DVAs					
2027 to 2031 Other Revenues where there are no DVAs that would track variances					
Bruce Lease Revenues					
Bruce Lease Costs					
Non-Energy Revenues					
Non-Energy Direct Costs					
Ancillary Services					
Any additional Other Revenues where there are no deferral or variance accounts to track variances					
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense where there is no DVA for variances					

- e) Please list all DVAs that would track variances to Concurrent Cost Recovery Expenses from 2027 to 2031. Please confirm that 100% of the Concurrent Cost Recovery Expenses from 2027 to 2031 will be subject to deferral or variance account treatment. If not confirmed, please complete the following table:

Table 7: Concurrent Cost Recovery Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Concurrent Cost Recovery Expenses where variances will be tracked in DVAs					
Pickering Refurbishment Concurrent Cost Recovery					
DNNP Concurrent Cost Recovery					
Total Revenue Requirement Impact from 2027-2031 Concurrent Cost Recovery that are captured in DVAs					
2027 to 2031 Concurrent Cost Recovery Expense where there are no DVAs that would track variances					
Pickering Refurbishment Concurrent Cost Recovery					
DNNP Concurrent Cost Recovery					
Total Revenue Requirement Impact from 2027-2031 Concurrent Cost Recovery Expense where there is no DVA for variances					

- f) Please list all DVAs that would track variances to Income Tax expenses from 2027 to 2031 not captured in part a). Similar to above, please provide a breakdown of those Income Tax expenses by completing the following table:

Table 8: Income Tax Expense Details

\$ million	2027	2028	2029	2030	2031
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense that are captured in DVAs					
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense where there is no DVA for variances					

Response

- a) Not confirmed, as the Applicants filed revised Ex. I1-1-1, Table 2a on March 10, 2026. See corrected amounts below.

Chart 1 - Sum of OPG Nuclear and DNNP Revenue Requirements 2027-2031¹

#	\$ million	OPG Nuclear	DNNP	sum
1	Total Cost of Capital	6,264	720	6,984
2	OM&A	9,547	606	10,153
3	Fuel	1,164	104	1,267
4	Depreciation & Amortization	3,875	132	4,007
5	Property Tax	72	5	77
6	Bruce Lease Revenues Net of Direct Costs	(22)		(22)
7	Ancillary and Other Revenue	90		90
8	Concurrent Cost Recovery - Pickering Refurbishment Program	2,923		2,923
9	Concurrent Cost Recovery - DNNP		1,120	1,120
10	Income Tax	(83)	0	(83)
Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 + 9 + 10			Total, 2027 to 2031:	26,379

¹ Numbers may not add due to rounding.

- b) Existing and proposed deferral and variance accounts that relate to the capital related revenue requirement ("CRRR") of the 2027 to 2031 in-service additions for OPG's nuclear facilities are the Capacity Refurbishment Variance Account ("CRVA") and the Nuclear Development Variance Account ("NDVA"), both existing accounts, and the Clean Electricity ITC Variance Account (OPG) and the Change of Laws Deferral Account (OPG), both of which are newly proposed in this Application.¹ The Darlington New Nuclear Project Variance Account re Development ("DNNPVARD"), an existing account, and the Clean Electricity ITC Variance Account (DNNP) and the Change of Laws Deferral Account (DNNP), both of which are newly proposed in this Application, relate to the CRRR of the 2027 to 2031 in-service additions for the DNNP facilities. The information requested in i), ii), and iii) below has been provided separately for OPG's nuclear facilities and the DNNP facilities.

¹ As noted in Ex. H1-1-1, p. 38, lines 4-7, the NDVA records the revenue requirement differences between actual non-capital and capital costs incurred and firm financial commitments made for proposed new nuclear generation facilities (for OPG) and the corresponding OEB-approved forecasts. Since no amounts related to potential new nuclear generation projects are included in the proposed revenue requirement for OPG's nuclear facilities over the IR term – see Ex. F2-1-1, p.36, lines 9-15 – there is no NDVA-eligible CRRR to include in part a) ii). For the same reason, there are no NDVA-eligible amounts to include as part of IR term OM&A variances subject to deferral and variance accounts in part b).

- i. The requested information is provided in Chart 2a for OPG's nuclear facilities on an estimated basis. The Applicants interpret "rate base as at the end of 2026" to be the sum of the year's (i) net property, plant and equipment closing balance for the nuclear assets and (ii) closing balance of working capital items; it was then reduced annually from 2027 to 2031 from ongoing depreciation and amortization on these assets.^{2,3} Simplifying assumptions were used to bifurcate depreciation and amortization and capital cost allowance ("CCA") – between amounts related to the assets as at the end of 2026 versus in-service additions during the IR term – in the calculation of income taxes underpinning the CRRR.⁴

There was no rate base as at the end of 2026 for the DNNP facilities.

- ii. The requested information is provided in Charts 2a and 2b below for OPG's nuclear facilities and the DNNP facilities, respectively. The Applicants interpret the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event. As discussed in Ex. H1-1-1, Sections 7.3 and 8.6, the Clean Electricity ITCs ("CEITC") are not reflected in the proposed revenue requirements of OPG's nuclear facilities or the DNNP facilities; therefore, there is no CRRR associated with this account for OPG or DNNP and any amounts so recorded during the IR term would be in favour of ratepayers. As discussed in Ex. H1-1-1, Sections 7.1 and 8.8, the proposed Change of Laws Deferral Account (OPG and DNNP) would be able to record recoverable amounts but is limited in scope to a change in legal requirements, making any entries during the IR term inherently unknowable and conditional on future events. For these reasons, Charts 2a and 2b provide the requested information with respect to deferral and variance account coverage for in-service additions eligible for the CRVA for OPG's nuclear facilities, and the DNNPVARD for the DNNP facilities.

- iii. The requested information below is provided in Charts 2a and 2b below for OPG's nuclear facilities and the DNNP facilities, respectively, on an estimated basis. These amounts represent the annual breakdown of remaining CRRR underpinning the proposed 2027 to 2031 revenue requirements for OPG's

² Depreciation on OPG nuclear rate base as of 2026 from Ex. B3-4-1, Table 2, line 35, col. (b) and held constant throughout the term.

³ The amounts presented in Chart 2a in respect of the rate base as at the end of 2026 for OPG's nuclear facilities include impacts from forecast in-service additions for CRVA-eligible projects in 2025 and 2026. Such amounts will be subject to the CRVA in the bridge years and the IR term.

⁴ CCA over the 2027-2031 period for the net property, plant and equipment as at the end of 2026 was determined by holding constant throughout the IR term the undepreciated capital cost ("UCC") pool at the end of 2026 subject to applicable CCA rates, with the only change to UCC year-over-year being that of ongoing CCA on these assets.

nuclear facilities and the DNNP facilities, respectively, after accounting for amounts provided in response to i) and ii) above.

Chart 2a - Capital Related Revenue Requirement Details – OPG Nuclear

\$ million	2027	2028	2029	2030	2031
i. For rate base as at the end of 2026 ¹					
Cost of Capital					
Short-Term Debt	12.9	11.0	10.4	9.1	7.1
Long-Term Debt	323.2	325.7	320.0	309.9	297.9
Common Equity	715.0	688.9	660.2	630.2	600.2
EB-2020-0290 Settlement Adjustment for Equity at Long-Term Debt Rate	3.4	3.2	2.9	2.7	2.5
Adjustment for Lesser of Unfunded Nuclear Liabilities (UNL) or Asset Retirement Cost (ARC)	4.7	1.1	0.0	0.0	0.0
Total Cost of Capital	1,059.1	1,029.9	993.5	951.9	907.7
Depreciation Expense	642.3	642.3	642.3	642.3	642.3
Income Tax Expense	(16.6)	(16.6)	(16.6)	(16.6)	(16.6)
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to rate base as at the end of 2026	1,684.8	1,655.6	1,619.2	1,577.6	1,533.5
ii. For 2027 to 2031 in-service additions where variances will be tracked in DVAs					
Cost of Capital					
Short-Term Debt	0.0	0.4	0.5	0.9	4.5
Long-Term Debt	0.2	11.3	14.2	29.9	189.4
Common Equity	0.5	24.0	29.4	61.4	384.5
Adjustment for Lesser of UNL or ARC	0.0	0.0	0.0	0.0	0.0
Total Cost of Capital	0.7	35.7	44.1	92.2	578.5
Depreciation Expense	1.1	20.5	26.2	55.8	251.0
Income Tax Expense ¹	(109.2)	(203.6)	(342.4)	(403.8)	(267.1)
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to 2027-2031 in-service additions that are captured in DVAs	(107.4)	(147.4)	(272.1)	(255.9)	562.4
iii. For 2027 to 2031 in-service additions where there are no deferral or variance accounts that would track variances					
Cost of Capital					
Short-Term Debt	0.4	0.8	1.2	1.5	1.5
Long-Term Debt	9.5	25.1	36.3	50.0	63.1
Common Equity	21.3	53.5	75.5	102.5	128.1
Adjustment for Lesser of UNL or ARC	0.0	0.0	0.0	0.0	0.0
Total Cost of Capital	31.2	79.4	112.9	154.0	192.8
Depreciation Expense	19.9	45.7	61.7	81.7	99.3
Income Tax Expense	109.2	203.6	342.4	403.8	267.1

\$ million	2027	2028	2029	2030	2031
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to 2027-2031 in-service additions where there is no DVA for variances	160.2	328.6	517.0	639.6	559.2

¹ Income taxes associated with the CRRR eligible for the CRVA represents CCA related to 2027 to 2031 in-service additions only, for the Pickering Refurbishment Project ("PRP") and the non-Darlington Refurbishment Project/non-PRP CRVA-eligible projects, without recalculation of the impact of "long-term project" rules described in Ex. F4-2-1, p.8, lines 4-11.

Chart 2b - Capital Related Revenue Requirement Details – DNNP Facilities

\$ million	2027	2028	2029	2030	2031
i. For rate base as at the end of 2026					
Cost of Capital					
Short-Term Debt	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Common Equity	0.0	0.0	0.0	0.0	0.0
EB-2020-0290 Settlement Adjustment for Equity at Long-Term Debt Rate	0.0	0.0	0.0	0.0	0.0
Adjustment for Lesser of Unfunded Nuclear Liabilities (UNL) or Asset Retirement Cost (ARC)	0.0	0.0	0.0	0.0	0.0
Total Cost of Capital	0.0	0.0	0.0	0.0	0.0
Depreciation Expense	0.0	0.0	0.0	0.0	0.0
Income Tax Expense	0.0	0.0	0.0	0.0	0.0
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to rate base as at the end of 2026	0.0	0.0	0.0	0.0	0.0
ii. For 2027 to 2031 in-service additions where variances will be tracked in DVAs ¹					
Cost of Capital					
Short-Term Debt	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Common Equity	0.0	0.0	0.0	123.9	592.8
Adjustment for Lesser of UNL or ARC	0.0	0.0	0.0	0.0	0.0
Total Cost of Capital	0.0	0.0	0.0	123.9	592.8
Depreciation Expense	0.0	0.0	0.0	22.6	109.7
Income Tax Expense	(65.2)	(103.7)	(115.0)	(73.0)	108.4
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to 2027-2031 in-service additions that are captured in DVAs	(65.2)	(103.7)	(115.0)	73.6	811.0
iii. For 2027 to 2031 in-service additions where there are no deferral or variance accounts that would track variances					
Cost of Capital					
Short-Term Debt	0.0	0.0	0.0	0.0	0.0

\$ million	2027	2028	2029	2030	2031
Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Common Equity	0.0	0.0	0.2	1.0	2.1
Adjustment for Lesser of UNL or ARC	0.0	0.0	0.0	0.0	0.0
Total Cost of Capital	0.0	0.0	0.2	1.0	2.1
Depreciation Expense	0.0	0.0	0.0	0.0	0.0
Income Tax Expense	65.2	103.7	115.0	73.0	(108.4)
Any other Revenue Requirement Impact	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact relating to 2027-2031 in-service additions where there is no DVA for variances	65.2	103.7	115.2	74.0	(106.4)

¹ As shown in Ex. H1-1-1, Attachment 9.

- a) For OPG's nuclear facilities, existing and proposed deferral and variance accounts that would track variances to OM&A expenses for 2027 to 2031 are the CRVA, the NDVA, the Pension & OPEB Cost Variance Account (OPG), and the Nuclear Liability Deferral Account ("NLDA"), all existing accounts, and the DNNP Nuclear Liability Deferral Account and the Change of Laws Deferral Account (OPG), both newly proposed accounts in this Application.^{5,6} For the DNNP facilities, existing and proposed deferral and variance accounts that would track variances to OM&A expenses for 2027 to 2031 are the DNNPVARD and the Pension and OPEB Cost Variance Account (DNNP) and the Change of Laws Deferral Account (DNNP), both newly proposed accounts in this Application.

The requested information is provided in Charts 3a and 3b below for OPG's nuclear facilities and the DNNP facilities, respectively. The Applicants interpret the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event, such as the Nuclear Liability Deferral Account ("NLDA") and the Change of Laws Deferral Account (OPG or DNNP). As discussed in Ex. H1-1-1, Section 5.14, the Nuclear Liability Deferral Account would be able to record recoverable amounts but is limited in scope to a change in OPG's nuclear liabilities arising from an approved Ontario Nuclear Funds Agreement ("ONFA") reference plan, making any entries during the IR term inherently unknowable and conditional on the future approval of a new ONFA Reference Plan. Accordingly, Chart 3a provides the requested information for OPG's nuclear

⁵ Refer to footnote 1 above with respect to the NDVA.

⁶ As discussed in Ex. H1-1-1, Section 7.5, the Application proposes to establish the DNNP Nuclear Liability Deferral Account, which would result in OPG recovering its nuclear waste management and decommissioning liabilities costs with respect to the DNNP facilities using the same methodology that the OEB has approved for the Bruce facilities, as required by O. Reg. 53/05. Since comprehensive cost estimates have yet to be developed for the future nuclear liabilities of the DNNP facilities – see Ex. C2-1-1, Section 8.0 – no corresponding amounts have been reflected in the proposed IR term OPG nuclear revenue requirements. Therefore, there are no proposed revenue requirement impacts associated with this account.

facilities with respect to deferral and variance account coverage for OM&A expenses eligible for the CRVA and the Pension and OPEB Cost Variance Account (OPG), and Chart 3b provides the requested information for the DNNP facilities with respect to deferral and variance account coverage for OM&A expenses eligible for the DNNPVARD and the Pension and OEPB Cost Variance Account (DNNP).

Chart 3a - OM&A Details – OPG Nuclear

\$ million	2027	2028	2029	2030	2031
2027 to 2031 OM&A where variances will be tracked in DVAs					
OPG Nuclear Facilities Base OM&A	0.0	0.0	0.0	0.0	0.0
OPG Nuclear Facilities Project OM&A ¹	109.0	94.1	89.6	57.0	50.9
OPG Nuclear Facilities Outage OM&A	0.0	0.0	0.0	0.0	0.0
Pickering Cyclical Maintenance OM&A	0.0	0.0	0.0	0.0	0.0
DNNP Operational Readiness	0.0	0.0	0.0	0.0	0.0
Allocation of Corporate Costs	0.0	0.0	0.0	0.0	0.0
Allocation of Centrally Held Costs ⁸	47.3	40.5	42.5	46.9	89.1
Asset Service Fees	0.0	0.0	0.0	0.0	0.0
Any other OM&A Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 OM&A Expenses that are captured in DVAs	156.3	134.6	132.1	103.9	140.1
2027 to 2031 OM&A where there are no DVAs that would track variances					
OPG Nuclear Facilities Base OM&A ²	840.4	850.7	898.4	916.8	1,225.4
OPG Nuclear Facilities Project OM&A ³	67.4	82.4	79.3	80.5	78.8
OPG Nuclear Facilities Outage OM&A ⁴	223.7	112.7	219.1	121.6	142.2
Pickering Cyclical Maintenance OM&A ⁵	168.4	160.9	168.9	169.9	106.6
DNNP Operational Readiness	0.0	0.0	0.0	0.0	0.0
Allocation of Corporate Costs ⁶	417.5	412.1	432.7	444.7	471.6
Allocation of Centrally Held Costs	(82.7)	(71.3)	(102.6)	(80.2)	(110.7)
Asset Service Fees ⁷	72.7	73.9	89.5	99.0	99.4
Any other OM&A Expense where there is no deferral or variance account to track variances	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 OM&A where there is no DVA for variances	1,707.4	1,621.4	1,785.3	1,752.4	2,013.4

¹ Refer to Ex. H1-1-1, Chart 3, cols. (a) to (e), sum of lines 1-3.

² Refer to Ex. F2-1-1, Table 1a, line 1, cols. (h) to (l).

³ Refer to Ex. F2-1-1, Table 1a, line 2, cols. (h) to (l) less Ex. H1-1-1, Chart 3, line 3.

⁴ Refer to Ex. F2-1-1, Table 1a, line 3, cols. (h) to (l).

⁵ Refer to Ex. F2-1-1, Table 1a, line 4, cols. (h) to (l).

⁶ Refer to Ex. F2-1-1, Table 1a, line 12, cols. (h) to (l).

⁷ Refer to Ex. F2-1-1, Table 1a, line 14, cols. (h) to (l).

⁸ Pension and OPEB costs subject to deferral and variance account coverage are presented in this line for purposes of this response. Amount is per Ex. L-F4-AMPCO-110, Attachment 1, p. 1, line 56 plus Ex. F4-4-1, Table 3, line 1, cols. (h) to (l) less Ex. F4-3-2, Chart 12 (centrally held pension and OPEB costs therein).

Chart 3b - OM&A Details – DNNP Facilities

\$ million	2027	2028	2029	2030	2031
2027 to 2031 OM&A where variances will be tracked in DVAs					
DNNP Facilities Base OM&A	0.0	0.0	0.0	0.0	0.0
DNNP Facilities Project OM&A	0.0	0.0	0.0	0.0	0.0
DNNP Facilities Outage OM&A	0.0	0.0	0.0	0.0	0.0
DNNP Operational Readiness ¹	45.9	46.3	40.0	40.2	0.0
Allocation of Corporate Costs	0.0	0.0	0.0	0.0	0.0
Allocation of Centrally Held Costs ⁶	1.7	1.3	1.6	6.7	9.0
Asset Service Fees	0.0	0.0	0.0	0.0	0.0
Any other OM&A Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 OM&A Expenses that are captured in DVAs	47.6	47.6	41.6	46.9	9.0
2027 to 2031 OM&A where there are no DVAs that would track variances					
DNNP Facilities Base OM&A ²	4.3	5.0	5.3	34.4	119.0
DNNP Facilities Project OM&A	0.0	0.0	0.0	0.0	0.0
DNNP Facilities Outage OM&A ⁵	0.0	0.0	0.0	0.1	48.6
DNNP Operational Readiness	0.0	0.0	0.0	0.0	0.0
Allocation of Corporate Costs ³	28.6	31.5	29.4	30.6	32.4
Allocation of Centrally Held Costs	(5.4)	(5.3)	(5.2)	(1.5)	5.2
Asset Service Fees ⁴	1.9	1.4	(0.3)	8.2	45.0
Any other OM&A Expense where there is no deferral or variance account to track variances	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 OM&A where there is no DVA for variances	29.4	32.5	29.2	71.8	250.3

¹ Refer to Ex. F2-1-1, Table 1b, line 3, cols. (b) to (f).

² Refer to Ex. F2-1-1, Table 1b, line 1, cols. (b) to (f).

³ Refer to Ex. F2-1-1, Table 1b, line 5, cols. (b) to (f).

⁴ Refer to Ex. F2-1-1, Table 1b, line 7, cols. (b) to (f).

⁵ Refer to Ex. F2-1-1, Table 1b, line 2, cols. (b) to (f).

⁶ Pension and OPEB costs subject to deferral and variance account coverage are presented in this line for purposes of this response. Amount is per Ex. L-F4-AMPCO-111, Attachment 1, p.1, line 48 plus Ex. F4-4-1, Table 4, line 1, cols. (b) to (f) less Ex. F4-3-2, Chart 14 (centrally held pension and OPEB costs therein).

- b) Existing and proposed deferral and variance accounts that would track variances to nuclear fuel expenses from 2027 to 2031 for OPG's nuclear facilities are the NLDA, an existing account, and the DNNP Nuclear Liability Deferral Account and the Change of Laws Deferral Account (OPG).⁷ For the DNNP facilities, the DNNPVARD and the Change of Laws Deferral Account (DNNP) would track variances to nuclear fuel expenses from 2027 to 2031.

⁷ Refer to footnote 5 above with respect to the DNNP Nuclear Liability Deferral Account.

The Applicants interpret the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event, such as the NLDA and the Change of Laws Deferral Account (OPG or DNNP). As discussed in Ex. H1-1-1, Section 6.1, in addition to recording the revenue requirement differences between actual capital and non-capital costs incurred and such forecast amounts reflected in the OEB-approved payment amounts for the DNNP, the DNNPVARD also records any net revenues (net of fuel expenses, among others) earned or foregone, conditional on the actual in-service date of any DNNP unit deviating from the corresponding OEB-approved forecast in-service date. Any such amounts, including for fuel expenses, are inherently unknowable and conditional on the future in-service date of DNNP units.⁸

Accordingly, Charts 4a and 4b provide the requested information with no deferral and variance account coverage for nuclear fuel expenses for either OPG's nuclear facilities or the DNNP facilities, respectively.

Chart 4a - Fuel Expense Details – OPG Nuclear

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Fuel Expense where variances will be tracked in DVAs					
Canada Deuterium Uranium (CANDU) Fuel Costs	0.0	0.0	0.0	0.0	0.0
Small Modular Reactor (SMR) Fuel Costs	0.0	0.0	0.0	0.0	0.0
Any other Fuel Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Fuel Expense that are captured in DVAs	0.0	0.0	0.0	0.0	0.0
2027 to 2031 Fuel Expense where there are no DVAs that would track variances					
CANDU Fuel Costs ¹	150.9	221.7	223.6	261.2	306.1
SMR Fuel Costs	0.0	0.0	0.0	0.0	0.0
Any other Fuel Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Fuel Expense where there is no DVA for variances	150.9	221.7	223.6	261.2	306.1

¹ Refer to Ex. F2-5-1, Table 1a, line 7, cols. (h) to (l).

⁸ For the same reason, the DNNP facilities' outage OM&A – variances against which would be recorded in the DNNPVARD in the event of deviations due to a difference between the actual and corresponding OEB-approved forecast in-service date of any DNNP unit – are not part of the deferral and variance account coverage for OM&A expenses included in Chart 3a.

Chart 4b - Fuel Expense Details – DNNP

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Fuel Expense where variances will be tracked in DVAs					
Canada Deuterium Uranium (CANDU) Fuel Costs	0.0	0.0	0.0	0.0	0.0
Small Modular Reactor (SMR) Fuel Costs	0.0	0.0	0.0	0.0	0.0
Any other Fuel Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Fuel Expense that are captured in DVAs	0.0	0.0	0.0	0.0	0.0
2027 to 2031 Fuel Expense where there are no DVAs that would track variances					
CANDU Fuel Costs	0.0	0.0	0.0	0.0	0.0
SMR Fuel Costs ¹	9.1	13.8	12.7	18.1	49.8
Any other Fuel Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Fuel Expense where there is no DVA for variances	9.1	13.8	12.7	18.1	49.8

¹ Refer to Ex. F2-1-1, Table 1b, line 10, cols. (b) to (f).

- c) For OPG's nuclear facilities, the Income & Other Taxes Variance Account (OPG), an existing account, would track variances to property tax expenses for OPG's nuclear facilities for 2027 to 2031.⁹ For the DNNP facilities, the proposed Income & Other Taxes Variance Account (DNNP), a newly proposed account in this Application, would track variances to property tax expenses for 2027 to 2031.

As discussed in Ex. H1-1-1, Sections 5.5 and 8.4, these accounts would be able to record recoverable amounts with respect to property taxes for OPG's nuclear facilities and the DNNP facilities, respectively, but limited in scope to identified changes in legislative or regulatory changes and related triggers, making any entries in the IR term inherently unknowable and conditional on future events. The Applicants interpret the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not have a partial scope or a scope that is conditional on a future triggering event. For this reason, Chart 5 below provides the requested information without any deferral and variance account coverage.

⁹ Refer to footnote 5 above with respect to the DNNP Nuclear Liability Deferral Account.

Chart 5 - Property Tax Details

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Property Tax Expense where variances will be tracked in DVAs					
Darlington Nuclear Generating Station (NGS)	0.0	0.0	0.0	0.0	0.0
Pickering NGS	0.0	0.0	0.0	0.0	0.0
Any other Property Tax Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense that are captured in DVAs – OPG Nuclear	0.0	0.0	0.0	0.0	0.0
DNNP Facilities					
Any other Property Tax Expense where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense that are captured in DVAs – DNNP	0.0	0.0	0.0	0.0	0.0
2027 to 2031 Property Tax Expense where there are no DVAs that would track variances					
Darlington NGS ¹	10.8	11.0	11.2	11.4	11.6
Pickering NGS ²	3.2	3.2	3.3	3.4	3.4
Any other Property Tax Expense where there are no variance accounts to track variances	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense where there is no DVA for variances – OPG Nuclear	14.0	14.2	14.5	14.8	15.0
DNNP Facilities ³					
Any other Property Tax Expense where there are no variance accounts to track variances	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Property Tax Expense where there is no DVA for variances – DNNP	0.0	0.0	0.0	0.8	3.7

¹ Refer to Ex. F4-2-1, Table 2, line 2, cols. (h) to (l).

² Refer to Ex. F4-2-1, Table 2, line 3, cols. (h) to (l).

³ Refer to Ex. F4-2-1, Table 2a, line 2, cols. (b) to (f).

- d) The Bruce Lease Net Revenues Variance Account, an existing account, would track variances between the forecast revenues and costs related to the Bruce lease that are factored into the revenue requirement approved for OPG's nuclear facilities, and OPG's such actual revenues and costs from 2027 to 2031. Excepting the Bruce lease net revenues, the proposed Change of Laws Deferral Account (OPG) would track variances to Other revenues (and associated costs) earned by OPG's nuclear facilities from 2027 to 2031. No Other revenues are forecast in the proposed revenue requirements for the DNNP facilities.

The Applicants interpret the question to be with respect to deferral and variance accounts (i) that are able to record amounts that could be recovered from ratepayers, rather than asymmetrical in favour of ratepayers, and (ii) that do not have partial scope or a scope that is conditional on a future triggering event, such as the Change of Laws Deferral Account (OPG or DNNP). Accordingly, Chart 6 below provides the requested information with respect to deferral and variance account coverage for the Bruce lease revenues and costs eligible for the Bruce Lease Net Revenues Variance Account.

Chart 6 - Other Revenue Details – OPG Nuclear

\$ million	2027	2028	2029	2030	2031
2027 to 2031 Other Revenue where variances will be tracked in DVAs					
Bruce Lease Revenues ¹	235.3	257.0	230.2	264.5	233.7
Bruce Lease Costs ¹	240.5	245.5	248.3	257.1	250.7
Non-Energy Revenues	0.0	0.0	0.0	0.0	0.0
Non-Energy Direct Costs	0.0	0.0	0.0	0.0	0.0
Ancillary Services	0.0	0.0	0.0	0.0	0.0
Any additional Other Revenues where variances are tracked in a DVA	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Other Revenues that are captured in DVAs²	(5.2)	11.5	(18.1)	7.3	(17.1)
2027 to 2031 Other Revenues where there are no DVAs that would track variances					
Bruce Lease Revenues	0.0	0.0	0.0	0.0	0.0
Bruce Lease Costs	0.0	0.0	0.0	0.0	0.0
Non-Energy Revenues ³	■	■	■	■	■
Non-Energy Direct Costs ³	■	■	■	■	■
Ancillary Services	0.0	0.0	0.0	0.0	0.0
Any additional Other Revenues where there are no deferral or variance accounts to track variances	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Other Revenues where there is no DVA for variances⁴	6.3	32.7	13.8	13.5	23.6

¹ Refer to G2-2-1, Table 1, line 1, cols. (h) to (l) for Bruce Lease revenues. Refer to G2-2-1, Table 1, line 2, cols. (h) to (l) for Bruce Lease costs.

² Revenue requirement impact calculated as Bruce Lease revenues less Bruce Lease costs.

³ Refer to G2-1-1, line 3, cols. (h) to (l) for non-energy revenues. Refer to G2-1-1, line 4, cols. (h) to (l) for non-energy direct costs.

⁴ Revenue requirement impact calculated as non-energy revenues less non-energy direct costs.

- e) The Pickering B Refurbishment Project Variance Account and the Darlington New Nuclear Project Variance Account re Capital Cost Amounts would track variances to concurrent cost recovery interest amounts for the Pickering Refurbishment Program (with respect to OPG's nuclear facilities) and the Darlington New Nuclear Program (with respect to the DNNP facilities), respectively, from 2027 to 2031. The

1 Applicants confirm that 100% of concurrent cost recovery interest amounts from
2 2027 to 2031 would be subject to these deferral accounts (noting that this does not
3 include the impact of any differences in interest rates).
4

- 5 f) For OPG's nuclear facilities, the Income and Other Taxes Variance Account (OPG),
6 the SR&ED ITC Variance Account (OPG), an existing account, the Pension and
7 OPEB Cost Variance Account (OPG), and the NLDA, along with the newly
8 proposed DNNP Nuclear Liability Deferral Account in this Application, would track
9 variances to income tax expenses for 2027 to 2031, in addition to the deferral and
10 variance accounts discussed in part a) above.¹⁰ For the DNNP facilities, the newly
11 proposed Income and Other Taxes Variance Account (DNNP), SR&ED ITC
12 Variance Account (DNNP) and the Impact of Change in Tax Status Variance
13 Account (DNNP) would track variances to income tax expenses for 2027 to 2031,
14 in addition to the deferral and variance accounts discussed in part a) above.
15

16 The Applicants interpret the question to be with respect to deferral and variance
17 accounts (i) that are able to record amounts that could be recovered from
18 ratepayers, rather than asymmetrically in favour of ratepayers, and (ii) that do not
19 have a partial scope or a scope that is conditional on a future triggering event such
20 as the Income and Other Taxes Variance Account (OPG and DNNP) and the NLDA.
21 As discussed in Ex. H1-1-1, Section 8.7, the Impact of Change in Tax Status
22 Variance Account (DNNP) would be able to record recoverable amounts with
23 respect to income taxes but limited in scope to any future changes in the tax status
24 of the tax-exempt partners of DNNP LP, making any entries in the IR term inherently
25 unknowable and conditional on future events. As discussed in Ex. H1-1-1, Section
26 6.2, the DNNP Generator Capital Structure Variance Account ("DGCSVA") would
27 be able to record recoverable amounts with respect to income taxes but limited in
28 scope to the differences arising from DNNP LP's actual capital structure and the
29 capital structure reflected in the OEB-approved payment amounts.
30

31 Accordingly, Charts 8a and 8b below provide the requested information for OPG's
32 nuclear facilities and the DNNP facilities, respectively, with deferral and variance
33 account coverage for the SR&ED ITC Variance Account (OPG or DNNP) and the
34 Pension and OPEB Cost Variance Account (OPG or DNNP).

¹⁰ Refer to footnote 5 above with respect to the DNNP Nuclear Liability Deferral Account.

Chart 8a - Income Tax Expense Details – OPG Nuclear

\$ million	2027	2028	2029	2030	2031
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense that are captured in DVAs	(14.0)	(17.0)	(18.4)	(18.9)	(17.9)
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense where there is no DVA for variances¹	106.5	203.9	344.2	406.1	268.4

¹ Sum of income tax expense for rate base as at end of 2026 per par a) i) and income tax expense for 2027-2031 in-service additions with no deferral and variance accounts tracking variances per part a) iii) for OPG nuclear facilities, less income tax expense shown in line immediately above, all for OPG nuclear facilities.

Chart 8b - Income Tax Expense Details – DNNP

\$ million	2027	2028	2029	2030	2031
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense that are captured in DVAs ¹	0.0	0.0	0.0	0.0	0.0
Total Revenue Requirement Impact from 2027-2031 Income Tax Expense where there is no DVA for variances²	65.2	103.7	115.0	73.0	(108.4)

¹ No SR&ED ITCs are forecast in the proposed DNNP revenue requirements (refer to Ex. F4-2-1, Table 3g, sum of lines 21 and 22, cols. (b) to (f)). Since the DNNP facilities will pay OPG its attributed portion of OPG's pension and OPEB accrual costs under the respective agreements, the DNNP facilities' pension plan contributions and OPEB payments are equivalent to its costs, resulting in no associated tax impacts that would be recorded in the account.

² Sum of income tax expense for rate base as at end of 2026 per part a) i) and income tax expense for 2027-2031 in-service additions with no deferral and variance accounts tracking variances per part a) iii) for the DNNP facilities, less income tax expense shown in line immediately above, all for the DNNP facilities.

CCC Interrogatory #017

Interrogatory

Reference:
Exhibit A2, Tab 2, Schedule 1

Preamble:

There does not appear to be any mention of rate impacts or affordability concerns as drivers within the business planning process.

Question(s):

Please confirm that OPG does not provide instructions as part of the planning process relating to the consideration of rate impacts or affordability of the proposed plans, either overall or at the business unit level. If confirmed, please explain why OPG does not consider rate impact or affordability for its customers in its planning process. If not confirmed, please provide cites to the evidence where rate impact and affordability were explicitly considered by OPG in its planning process.

Response

Refer to Ex. L-A2-Staff-016, parts (a) and (b).

Board Staff Interrogatory #016

Interrogatory

Reference:

Ref 1: Exhibit A2 / Tab 2 / Schedule 1

Ref 2: Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7, June 2025

Preamble:

Reference 1 provides an overview of OPG's business planning and budgeting objectives, and the planning process that underpins this Application.

Reference 2 is generally referred to as the Ontario Government's Integrated Energy Plan (the Plan).

Question(s):

- a) The Minister's Message of Reference 2 explains that the Plan is designed with flexibility in mind. Please explain how OPG's business plan and approach to this application incorporates flexibility and uncertainty about the future as a design objective to that business plan.
- b) Chapter 2 of Reference 2 describes how Ontario is adding new generation to ensure electricity remains, among other things, affordable. Please describe how OPG's business plan and approach to this application considered affordability as a design objective.
- c) Chapter 8 to Reference 2 describes how the Ontario Government is supporting Indigenous equity partnerships. Please explain how OPG considered other equity partnerships, such as those highlighted in the Plan.
- d) Chapter 9 of Reference 2 describes Ontario's objective to be a global energy superpower, exporting nuclear innovation and homegrown energy solutions. Please explain how OPG's business plan and approach to this application considers sharing the benefits from exporting nuclear innovation with the ratepayers who are contributing to the investments that are facilitating this export capability.

1 **Response**

2
3 a) and b)

4
5 The paragraph of the Minister's Message referenced in part a) states that the IEP
6 is "designed with flexibility in mind" and continues on to say that the plan ensures
7 Ontario's energy self-reliance by creating "options available to meet whatever
8 challenges or opportunities come at us".¹ While the investments proposed in this
9 Application are part of Ontario's strategy to achieve that goal, the referenced
10 statement is not specific to OPG. Rather, it provides direction to both the
11 Independent Electricity System Operation (IESO) and the OEB in relation to
12 integrated planning for the energy system over the planning horizon.

13
14 The objectives of OPG's 2025-2031 business plan (the "Business Plan") in support
15 of the IEP are discussed at Ex. A2-2-1, Section 3.1 and Attachment 1. The Business
16 Plan includes investments that OPG is making in its nuclear and regulated
17 hydroelectric assets, as well as the DNNP, which the Business Plan assumed
18 would be transferred to DNNP LP, reflecting the Applicants' role in meeting
19 Ontario's electricity demand as reflected in the IEP. The Minister has approved
20 OPG to proceed with the largest components of OPG's Business Plan and this
21 Application. As provided for in the Memorandum of Agreement between OPG and
22 its Shareholder, the Minister has indicated his concurrence with the Business Plan
23 in his letter of April 22, 2026. Refer to Attachment 1 (Confidential) for a copy of this
24 letter.

25
26 The Business Plan underpins this Application and was developed with affordability
27 as an inherent objective, delivering on the company's significant commitments over
28 the IR term in a cost-effective manner. This goal is reflected across the Application,
29 including:

- 30 • Workforce Planning and Resources Flexibility: Resourcing plans that enable
31 employees to transition between generating facilities and major projects in
32 response to resourcing needs and market conditions driven by project activity.
33 This includes flexibility in labour deployment through negotiated labour
34 agreements, with the Applicants' overall planned workforce remaining largely
35 steady over the IR term. This approach supports business continuity by
36 retaining experienced resources to operate nuclear stations, avoiding
37 incremental costs and mitigating operational risk (Ex. F4-3-1, section 5.1).
38 • Asset Management: A disciplined investment framework applied at the
39 portfolio level to prioritize safety and reliability, while delivering measurable
40 benefits at the lowest reasonable cost.(Ex. D2-1-1). This includes addressing
41 emergent conditions to ensure strong post-refurbishment performance at

¹ ["Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7", Ministry of Energy and Mines](#), p. 4 [IEP].

Darlington, restarting a project portfolio for Pickering in preparation for second-life operations, and undertaking a necessary sustaining capital program to address aging conditions, maintain reliable operations and increase capacity for regulated hydroelectric facilities where appropriate (Ex. D2-1-2; Ex. D1-1-1).

- Funding Sources: Credit-supportive funding that supports existing investment grade credit ratings to mitigate borrowing costs and associated rate impacts for customers. The funding sources reflected in this Application include a Shareholder equity injection, DNNP equity partnership through DNNP LP, Concurrent Cost Recovery payments and an increase to OPG's proposed deemed capital structure (Ex. A2-2-1, pp. 13-14); since the filing, information is also being provided regarding the recently enacted federal Clean Electricity Investment Tax Credits (Ex. L-F4-CCC-084).
- Cost Containment: Ongoing OM&A efficiency initiatives to support cost containment and continuous improvement (Ex. L-A1-SEC-006 and Ex. L-A1-SEC-007).
- Rate Shaping: Rate shaping mechanisms to mitigate bill impacts and smooth cost recovery (Ex. I1-3-2).
- Incentive Rate-setting: Rate-setting frameworks that include up-front stretch reductions to hydroelectric and nuclear payment amounts based on OPG's historical cost-efficiency, driving incremental productivity during the IR term (Ex. A1-3-2).

- c) Pursuant to the *Electricity Act, 1998*, "the Minister, on behalf of the Crown in right of Ontario, may acquire and hold shares of Ontario Power Generation Inc."² As such, other equity partnership of OPG is restricted by law. OPG is permitted to create or invest in one or more subsidiaries, trusts, partnerships, limited partnerships or special purpose entities (collectively, "special purpose vehicle").³ Amendments to O. Reg. 53/05 are required if OPG enters into or creates any such special purpose vehicle for the prescribed facilities, to reflect the change in prescribed generator (from OPG to special purpose vehicle for purposes of the applicable prescribed facility). Such amendments to O. Reg. 53/05 were passed in December 2025, relating to DNNP LP and the DNNP facilities.

With respect to the DNNP facilities, the Applicants are working with WTFN Investment Holdings Limited Partnership ("WTFN Holdings") to explore economic opportunities, including potential equity participation in DNNP. WTFN Holdings is comprised of the Michi Saagiig Anishinaabeg Nations of the

² *Electricity Act, 1998*, s. 53.2.

³ *Ibid.*, s. 53.1 (1.2).

- 1 Williams Treaties First Nations, Alderville, Curve Lake, Hiawatha and the
2 Mississaugas of Scugog Island.⁴
3
4 d) Refer to Ex. L-A1-CCC-012 part a) (iii) - (v).

⁴ To the extent DNNP LP takes on other equity partnerships, its ownership and the source of funds for such equity is irrelevant to its rate-setting considerations, including the approach to setting its cost of capital parameters and capital structure (refer to Ex. C1-1-1, Attachment 1, p. 19).

Ministry of Energy and Mines

Office of the Minister

77 Grenville Street, 10th Floor
Toronto ON M7A 2C1
Tel.: 416-327-6758

Ministère de l'Énergie et des Mines

Bureau du ministre

77, rue Grenville, 10^e étage
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MC-994-2026-589

April 22, 2026

Ms. Wendy Kei
Board Chair
Ontario Power Generation
wendy.kei@opg.com

Dear Ms. Kei:

I am writing to provide my concurrence of Ontario Power Generation's (OPG) 2025 – 2031 Business Plan (Business Plan) and to outline my expectations for OPG's next business plan.

On June 10, 2025, the Province released Ontario's first integrated energy plan, *Energy for Generations*, to ensure our province has the energy it needs to become the most competitive economy in the G7. OPG plays a critical role in the government's long-term vision to maintain and grow an electricity system that is secure, reliable, cost-effective, and clean for families and businesses across the province. As the IESO forecasts up to a 90% increase in electricity demand by 2050, I appreciate OPG's shared commitment to accomplishing this ambitious build while protecting the maximum value for ratepayers.

OPG has a track record of expertise and financial prudence in the building and operation of critical generation infrastructure. Delivering the Darlington Refurbishment Project four months ahead of schedule and \$150 million below budget is a testament to the hard work and dedication of OPG, a world-class nuclear industry leader, and the over 6,000 Ontario workers who supported the project. Over the next 30 years, Darlington is expected to generate up to \$90 billion in economic benefits for Ontario, support approximately 14,000 jobs and produce enough clean electricity to power 3.5 million homes.

.../cont'd

- 2 -

Building on this record, the successful refurbishment of the Pickering Nuclear Generating Station is also a key priority for the government. Please continue to keep our Ministry informed on monthly updates related to the refurbishment of Units 5-8 of the Pickering Nuclear Generating Station, expected to start defueling in September 2026 and execution in January 2027.

I also look forward to receiving continued monthly updates on the progress of the G7's first grid-scale small modular reactor (SMR) at the Darlington New Nuclear Project (DNNP) site, related to the execution phase that began in May 2025, with project milestones including engineering, procurement and construction work.

These nuclear refurbishment and new-build projects at OPG are expected to provide clean, cost effective and reliable electricity to Ontario for the decades ahead while also creating thousands of good paying jobs and driving economic growth in the province.

I am pleased with the investments that OPG has identified in its Business Plan around nuclear and hydroelectric electricity generation, [REDACTED]. As OPG continues to advance the initiatives outlined in *Energy for Generations*, it is critical that OPG continue efforts to ensure that its funding strategies support a strong financial profile and benefit ratepayers. I also recognize the important role OPG will play in ensuring Ontario meets its ambitious target of doubling isotope production in Ontario by 2030, continuing to support lifesaving treatments in the province and globally, supported by OPG's proposed isotope revenue treatment.

I acknowledge the financial and operational targets set in the Business Plan for the 2025 – 2031 period. The Ministry will continue to engage with OPG from the perspective of a shareholder and monitor OPG's performance against these targets. As per its commercial mandate, OPG provides the Province with significant shareholder value, which supports the Province's fiscal plan. Alongside its role in generating electricity and executing energy infrastructure projects, I am pleased that the Business Plan highlights OPG's initiatives to improve efficiency across the organization. In this current economic climate, it is critical that OPG continue to focus on value for money for Ontario ratepayers.

Thank you for submitting the rate application to the Ontario Energy Board in December 2025. I recognize that timely implementation of new regulated rates, targeted on January 1, 2027 subject to approval by the Ontario Energy Board, is critical to OPG maintaining a sound financial profile, ensuring that its key electricity system projects move forward as planned to help drive economic growth and cost effectively meet Ontario's electricity needs. I expect OPG to continue to submit annual business plans during the 2025 – 2031 business planning period to the Ministry for concurrence, and to work with the Ministry during their ongoing development.

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Continuing Government Expectations for OPG

OPG shall continue to act in the best interests of Ontarians by being efficient, effective and providing value for money to ratepayers and the shareholder. I expect OPG to demonstrate how it meets the following priorities of our government:

a) Competitiveness and Expenditure Management

- i. Identifying and pursuing opportunities for efficiencies and savings across the organization to keep the cost of electricity lower for ratepayers in the near and longer term;
- ii. Identifying and pursuing opportunities for increased revenue and value generation and innovative practices;
- iii. Ensuring an effective process for the identification, assessment and mitigation of risks, including planning for and responding to health and other emergency situations;
- iv. Continuing to improve how OPG uses data in decision-making, information-sharing and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve performance; and
- v. Continuing to execute on a comprehensive financing strategy to support OPG's credit ratings and lower borrowing costs, which incorporates the Province's equity injection in OPG, concurrent cost recovery during construction of eligible projects and, where appropriate, equity partnerships with third party investors.

b) Pickering Refurbishment Project

- i. Managing the Pickering Refurbishment Project on budget and on schedule, including delivering the refurbishment of the first unit as planned in 2031;
- ii. Incorporating lessons learned and best practices from completed refurbishment work and enacting final staff redeployments following Darlington Unit 4 synchronization;
- iii. Continuing with the facilities and infrastructure buildout in support of the Pickering Refurbishment Project and future station operations, including in partnership with and with support from the Ontario Ministry of Transportation, City of Pickering, and Durham Region on critical infrastructure upgrades; and
- iv. Maintaining the Pickering station in compliance with regulatory requirements and good asset management practices during the four-unit refurbishment window and ensuring readiness to return the units to service for strong post-refurbishment performance.

.../cont'd

c) Darlington New Nuclear Project

- i. Managing the construction of DNNP Unit 1 on budget and on schedule;
- ii. Advancing planning, licensing, and an Ontario-focused procurement strategy for the three additional SMRs at the DNNP site (i.e., for a total of four SMR units), [REDACTED], and applying lessons learned from Unit 1 to the subsequent units;
- iii. Progressing with the validation and planning phase for Units 2-4, to have a Release Quality Estimate for project cost and schedule for OPG Board of Directors' (Board) [REDACTED];
- iv. Following submission of OPG's Licence to Operate (LTO) application for Unit 1 to the Canadian Nuclear Safety Commission in 2026, engaging in planning and execution of strategies for successful LTO applications for Units 2-4; and
- v. Working with the Province to ensure sufficient funds are set aside for decommissioning and long-term waste management for DNNP SMRs including cost effectively meeting the CNSC's financial guarantee requirements for these liabilities.

d) Value Growth Opportunities

- i. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- ii. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- iii. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- iv. Working with the Ministry of Energy and Mines to further expand isotope production to achieve the Ontario Government's commitment to doubling isotope production by 2030.

e) New Large-scale Nuclear Pre-Development and Technology Selection

- i. Advancing a large-scale nuclear technology assessment that prioritizes Ontario and Canadian economic supply chain and energy security opportunities, ensures cost effectiveness, and applies lessons learned and best practices from OPG's technology assessment experience;

.../cont'd

- ii. Continuing to prepare for the contemplated development of up to 10,000MW of new nuclear generation at OPG's Wesleyville site to meet Ontario's needs [REDACTED] and assess other opportunities for new nuclear deployment at OPG's sites; and
- iii. Continuing to advance meaningful community and Indigenous engagement at the Wesleyville site and OPG's other strategic sites for new generation options, including nuclear.

f) Hydroelectric and Northern Generation

- i. Continuing to maximize the value of existing small and large hydroelectric assets by making investments to preserve and increase generation capacity, including redeveloping sites approaching end of life and using available river flows more efficiently; and
- ii. Advancing discussions with First Nations and Northern Ontario industries, such as mining and forestry, to identify areas of synergy that would promote economic development opportunities from deployment of new generation projects, including through the IESO resource adequacy framework.

g) Transparency and Accountability

- i. Abiding by applicable Government Directives and Policies, ensuring transparency and accountability in reporting, and adhering to the requirements of the Memorandum of Agreement (MOA) between the Ministry of Energy and Mines and OPG;
- ii. Prioritizing Ontario's economic development needs through seeking opportunities to support Ontario's economic and energy security, including by:
 - i. Building on OPG's existing strong Ontario-based supply chain to ensure alignment with the government's local procurement priorities around supply chain growth and economic development, and obliging with the reporting requirements that accompanied the scoped exemption to the Ontario Public Service Procurement Directive;

- ii. [REDACTED]
[REDACTED]
[REDACTED]

.../cont'd

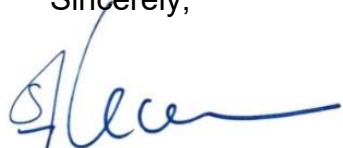
- 6 -

- iii. Identifying appropriate skills, knowledge and experience needed to continue effectively supporting the OPG Board role in OPG's governance and accountability;
- iv. Continuing to advance reconciliation with Indigenous communities through OPG's Reconciliation Action Plan, including economic reconciliation opportunities on OPG's major projects; and
- v. Continuing to build on OPG's commitment to fostering a culture of inclusion, collaboration and productivity in the workplace.
- vi. Prioritizing and elevating communications with government and, wherever appropriate, community and First Nation partners, through real-time information-sharing, identification of strategic opportunities, and ongoing relationship-building.

This letter constitutes my concurrence with OPG's Board-approved 2025 – 2031 Business Plan as provided under the current MOA between OPG and the Shareholder dated September 3, 2021.

Thank you for the comprehensive Business Plan and for the good work of OPG and its staff. Please accept my best wishes.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Stephen Lecce', with a stylized flourish at the end.

Stephen Lecce
Minister

- c: Nicolle Butcher, Chief Executive Officer, Ontario Power Generation
Susanna Laaksonen-Craig, Deputy Minister, Ministry of Energy and Mines
Karen Moore, Assistant Deputy Minister, Ministry of Energy and Mines